

## IMPORTANT NOTICE

**NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE UNITED STATES EXCEPT TO QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED BELOW).**

**IMPORTANT:** You must read the following before continuing. The following applies to the prospectus following this notice (the Prospectus), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Prospectus. In accessing the Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them at any time you receive any information from us as a result of such access.

**NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE BONDS DESCRIBED IN THE PROSPECTUS (THE BONDS) IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE BONDS HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE BONDS MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. CERTAIN OF THE BONDS WILL BE OFFERED AND SOLD IN THE UNITED STATES TO A LIMITED NUMBER OF "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A OF THE SECURITIES ACT) IN RELIANCE ON RULE 144A OF THE SECURITIES ACT.**

**WITHIN THE UNITED KINGDOM, THE PROSPECTUS MAY NOT BE PASSED ON EXCEPT TO INVESTMENT PROFESSIONALS OR OTHER PERSONS IN CIRCUMSTANCES IN WHICH SECTION 21(1) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (AS AMENDED) DOES NOT APPLY TO THE ISSUER (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS RELEVANT PERSONS). THE PROSPECTUS MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THE PROSPECTUS RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.**

**THE PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND IN PARTICULAR MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.**

**Confirmation of your representation:** This Prospectus has been delivered to you on the basis that you are a person into whose possession this Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located. By accessing the Prospectus, you shall be deemed to have confirmed and represented to us that (a) you have understood and agree to the terms set out herein, (b) you consent to delivery of the Prospectus by electronic transmission, (c) you are either (i) not a U.S. person (within the meaning of Regulation S under the Securities Act) or acting for the account or benefit of a U.S. person and the electronic mail address that you have given to us and to which this email has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) or the District of Columbia, or (ii) a qualified institutional buyer (as defined in Rule 144A under the Securities Act), and (d) if you are a person in the United Kingdom, then you are a person who (i) has professional experience in matters relating to investments, or (ii) is a high net worth entity falling within Article 49(2)(a) to (d) of the Financial Services and Markets Act (Financial Promotion) Order 2005.

**The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and an arranger or any affiliate of an arranger is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by an arranger or such affiliate on behalf of the Issuer in such jurisdiction.**

**Recipients of the Prospectus who intend to subscribe for or purchase any of the Bonds are reminded that any subscription or purchase may only be made on the basis of information contained in the Prospectus in combination with any of the relevant drawdown prospectus or final terms or pricing supplement (if applicable). The Prospectus may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply to the Issuer (as defined below).**

**The Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently no Dealer, Arranger, nor any person who controls any Dealer, Arranger, nor any director, officer, employee or agent or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format herewith and the hard copy version available to you on request from the Issuer.**



# ELENIA

## ELENIA FINANCE OYJ

(a public limited company (oyj) incorporated in Finland with registered number 2584057-5)

**€3,000,000,000**

### **Multicurrency Programme for the Issuance of Bonds**

**unconditionally and irrevocably guaranteed by**

**Elenia Oy**

*(incorporated with limited liability in Finland with registered number 2445423-4)*

**Elenia Lämpö Oy**

*(incorporated with limited liability in Finland with registered number 0991064-1)*

**Elenia Palvelut Oy**

*(incorporated with limited liability in Finland with registered number 2658611-8)*

**Elenia Holdings S.à r.l.**

*(incorporated as a private limited liability company (société à responsabilité limitée) under the laws of the Grand Duchy of Luxembourg, having its registered office at 2 rue du Fossé L-1536 Luxembourg, registered with the Luxembourg register of trade and companies under number B.181773)*

**Elenia Finance (SPPS) S.à r.l.**

*(incorporated as a private limited liability company (société à responsabilité limitée) under the laws of the Grand Duchy of Luxembourg, having its registered office at 2 rue du Fossé L-1536 Luxembourg, registered with the Luxembourg register of trade and companies under number B.181775)*

**Lakeside Network Investments Holding B.V.**

*(incorporated with limited liability in The Netherlands with registered number 53150309)*

**Elenia Finance Oyj** (the **Issuer**) has authorised the establishment of a multicurrency programme for the issuance of a single class of Bonds designated as the Bonds (the **Programme**). There is no provision under the Programme for the issuance of other classes of Bonds.

Each of Elenia Oy (**Elenia Networks**), Elenia Lämpö Oy (**Elenia Heat**), Elenia Palvelut Oy (**Elenia Services**), Elenia Holdings S.à r.l. (**Elenia Holdings**), Elenia Finance (SPPS) S.à r.l. (**Elenia Finance (SPPS)**) and Lakeside Network Investments Holding B.V. (the **Parent** and, together with Elenia Networks, Elenia Heat, Elenia Services, Elenia Holdings and Elenia Finance (SPPS), the **Guarantors**) has guaranteed the payments of all amounts due in respect of the Bonds pursuant to guarantees which are secured over the property of each of the Guarantors.

Application has been made to the Financial Conduct Authority (the **FCA**) in its capacity as the competent authority (the **UK Listing Authority**) for the Bonds issued under the Programme during the period of 12 months hereof to be admitted to the official list of the UK Listing Authority (the **Official List**) and to the London Stock Exchange plc (the **London Stock Exchange**) for the Bonds issued under the Programme during the period of 12 months hereof to be admitted to trading on the London Stock Exchange's Regulated Market (the **Regulated Market**). The Regulated Market is a regulated market for the purposes of Directive 2004/39/EC (the **Markets in Financial Instruments Directive**). This Prospectus comprises a base prospectus for the purposes of EU Directive 2003/71/EC, as amended (which includes the amendments made by Directive

2010/73/EU to the extent that such amendments have been implemented in the Relevant Member State) (the **Prospectus Directive**).

The Issuer may also issue unlisted Bonds and/or Bonds not admitted to trading on any regulated or unregulated market (**Exempt Bonds**). Exempt Bonds do not form part of this Prospectus and will not be issued pursuant to this Prospectus and the UK Listing Authority has neither approved nor reviewed information contained in this Prospectus in connection with the Exempt Bonds. All Bonds will have the benefit of the Guarantee and share equally in the Security granted by the Obligors in respect of the Charged Property.

The Bonds may be issued, on a continuing basis, to one or more of the Dealers specified under "*Overview of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an on-going basis. References in this Prospectus to the "relevant Dealer" shall, in the case of an issue of Bonds being (or intended to be) subscribed by more than one Dealer or in respect of which subscriptions will be procured by more than one Dealer, be to all Dealers agreeing to subscribe for such Bonds or to procure subscriptions for such Bonds, as the case may be.

**The Bonds have not been and will not be registered under the United States Securities Act of 1933 (the *Securities Act*) or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold or delivered within the United States or to U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Bonds are being offered, sold or delivered (a) in the United States only to qualified institutional buyers (QIBs) (as defined in Rule 144A (Rule 144A) under the Securities Act) in reliance on, and in compliance with, Rule 144A, and (b) to Persons (other than U.S. Persons) (each as defined in Regulation S) outside the United States in reliance on Regulation S (Regulation S) under the Securities Act. Each purchaser of the Bonds will be deemed to have made the representations described in "*Subscription and Sale*" and is hereby notified that the offer and sale of Bonds to it is being made in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A. In addition, until 40 days after the commencement of the offering, an offer or sale of any of the Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if the offer or sale is made otherwise than in accordance with Rule 144A.**

See "*Risk Factors*" below to read about certain factors that prospective investors should consider before buying any of the Bonds.

#### **ARRANGERS**

**HSBC**

**The Royal Bank of Scotland**

#### **DEALERS**

**HSBC**

**The Royal Bank of Scotland**

**Base Prospectus dated 4 March 2016**

Under the Programme, the Issuer may, subject to all applicable legal and regulatory requirements, from time to time issue Bonds in bearer or registered form (respectively **Bearer Bonds** and **Registered Bonds**). Copies of the final terms for each Tranche of Bonds to be admitted to the Official List (the **Final Terms**) or the pricing supplement (in the case of Exempt Bonds) (the **Pricing Supplement**) will be available (in the case of all Bonds) from the specified office set out below of Citicorp Trustee Company Limited as bond trustee (the **Bond Trustee**), (in the case of Bearer Bonds) from the specified office set out below of each of the Paying Agents and (in the case of Registered Bonds) from the specified office set out below of each of the Registrar and the Transfer Agent.

Bonds issued under the Programme shall comprise a single class (the **Bonds**). Bonds will be issued in series on each Issue Date (each a **Series**). The Bonds may comprise one or more tranches (each a **Tranche**), with each Tranche pertaining to, among other things, the currency, interest rate and maturity date of the relevant Tranche. Each Tranche may be zero-coupon, fixed rate, floating rate, index-linked or instalment Bonds and may be denominated in Sterling, Euro or U.S. dollars (or in other currencies subject to compliance with applicable laws).

The maximum aggregate nominal amount of all Bonds from time to time outstanding under the Programme will not exceed €3,000,000,000 (or its equivalent in other currencies calculated as described in this Prospectus) unless increased from time to time by the Issuer.

Details of the aggregate principal amount, interest (if any) payable, the issue price and any other conditions not contained in this Prospectus which are applicable to each Tranche of each Series of Bonds will be set forth in a set of Final Terms, Pricing Supplement or in a separate prospectus specific to such Tranche (a **Drawdown Prospectus**). See "*Final Terms, Pricing Supplements and Drawdown Prospectuses*" below.

In the case of a Tranche of Bonds which is the subject of a Drawdown Prospectus, each reference in this Prospectus to information being specified or identified in the relevant Final Terms or Pricing Supplement, as the case may be, 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. In the case of Bonds to be admitted to the Official List, the Final Terms will be delivered to the FCA on or before the relevant date of issue of the Bonds of such Tranche.

Ratings ascribed to all of the Bonds reflect only the views of Standard & Poor's Credit Market Services Europe Limited, a division of The McGraw-Hill Companies (**S&P**, and together with any further or replacement rating agency appointed by the Issuer, the **Rating Agencies**). A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by any one or all of the Rating Agencies. A suspension, reduction or withdrawal of the rating assigned to any of the Bonds may adversely affect the market price of such Bonds.

S&P is established in the European Union and is registered under Regulation (EC) No. 1060/2009 as amended (the **CRA Regulation**).

If any withholding or deduction for or on account of tax is applicable to the Bonds, the Issuer and the Guarantors will be obliged to pay additional amounts in respect of any such withholding or deduction.

In the case of Bonds which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a member state of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive (2003/71/EC), the minimum specified denomination shall be €100,000 or not less than the equivalent of €100,000 in any other currency as at the date of issue of such Bonds.

If issued under the relevant Final Terms or Pricing Supplement, as the case may be, Bonds that are Bearer Bonds may be represented initially by one or more temporary global Bonds (each a **Temporary Global Bond**) (which may be held either in new global Bond form or classic global Bond form), without interest coupons or principal receipts, which will be deposited with a common depository (in the case of Temporary Global Bonds in classic global Bond form) or a common safekeeper (in the case of Temporary Global Bonds in new global Bond form) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**) on or about the Issue Date of such Tranche. Each such Temporary Global Bond will be exchangeable for a permanent global Bond (each a **Permanent Global Bond**) or definitive Bonds in bearer form as specified in the relevant Final Terms or Pricing Supplement following the expiration of 40 days after the later of the commencement of the offering and the relevant Issue Date, upon certification as to non-U.S. beneficial ownership and as may be required by U.S. tax laws and regulations, as described in the section "*Forms of the Bonds*". Bearer Bonds are subject to U.S. tax law requirements. Subject to certain exceptions, the Bearer Bonds may not be offered, sold or delivered within the United States or to United States persons.

If issued under the relevant Final Terms or Pricing Supplement, as the case may be, Bonds that are Registered Bonds will be represented on issue by two global certificates in registered form (the **Global Bonds**), one of which will be issued in respect of the Bonds offered and sold in reliance on Rule 144A (the **Rule 144A Global Bond**) and the other of which will be issued in respect of the Bonds offered and sold in reliance on Regulation S (the **Regulation S Global Bond**), both of which will be registered and will be registered in the name of Cede & Co., as nominee for the Depository Trust Company (**DTC**) or the name of a nominee of a common depository for Euroclear, as operator of the Euroclear System, and Clearstream, Luxembourg. The Global Bonds were delivered prior to the Initial Issue Date. Bonds in definitive, certificated and fully registered form will be issued only in the limited circumstances described in this Prospectus. In each case, purchasers and transferees of Bonds will be deemed to have made certain representations and agreements. See "*Subscription and Sale*" below.

## IMPORTANT NOTICES

This Prospectus is being distributed only to, and is directed only at, persons who (i) are outside the UK, or (ii) are persons who have professional experience in matters relating to investments falling within Article 19(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the **Order**), or (iii) are high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(1) of the Order (all such persons together being referred to as **relevant persons**). Neither this Prospectus, nor any of its contents, may be acted upon or relied upon by persons who are not relevant persons. Any investment or investment activity to which this Prospectus relates is available only to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such investments will be engaged in only with, relevant persons.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Bond shall in any circumstances imply that the information contained in this Prospectus concerning the Issuer or the other Obligors at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct or that there has been no adverse change in the financial position of the Issuer or the other Obligors as of any time subsequent to the date indicated in the document containing such information. None of the Dealers, the Arrangers, the Bond Trustee, the Security Trustee or any of the Hedge Counterparties, the Original Initial ACF Lenders, the Agents, the Liquidity Facility Providers, Borrower Hedge Counterparties, Cash Manager, Registrar, Transfer Agent, Principal Paying Agent, Agent Bank or the Account Bank undertakes to review the financial condition or affairs of any of the Issuer and the other Obligors during the life of the Programme or the life of the arrangements contemplated by this Prospectus or to advise any investor or potential investor in the Bonds of any information coming to its attention.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, any member of the Security Group, the Dealers, the Arrangers, the Bond Trustee or the Security Trustee that any recipient of this Prospectus should purchase any of the Bonds issued under the Programme.

The distribution of this Prospectus and the offering, sale or delivery of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Arrangers and the Dealers to inform themselves about and to observe any such restrictions. This Prospectus does not constitute, and may not be used for the purposes of, an offer to or solicitation by any person to subscribe or purchase any Bonds in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful.

Certain Tranches of Bonds issued in NGB form or under the NSS (each as defined in "*Forms of the Bonds*" below) may be held in a manner which will allow Eurosystem eligibility. This simply means that the Bonds are intended upon issue to be delivered to one of Euroclear or Clearstream, Luxembourg as common safekeeper and does not necessarily mean that the Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

The Bonds and the other financing arrangements described in this Prospectus to be entered into by the Issuer will be obligations solely of the Issuer.

In connection with the issue of any Tranche of Bonds, one or more relevant Dealers (the **Stabilising Manager**) (or person(s) acting on behalf of the Stabilising Manager(s)) may over-allot Bonds or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or person(s) acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action

may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Bonds and 60 days after the date of the allotment of the relevant Tranche of Bonds. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of the Stabilising Manager(s)) in accordance with all applicable laws and rules.

If you are in any doubt about the contents of this Prospectus you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser. It should be remembered that the price of securities and the income from them can go down as well as up.

**Any individual intending to invest in any investment described in this Prospectus should consult his or her professional adviser and ensure that he or she fully understands all the risks associated with making such an investment and has sufficient financial resources to sustain any loss that may arise from it.**

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Prospectus or any applicable Final Terms or Pricing Supplement, as the case may be;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including Bonds 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;
- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets;
- understand the nature of the Bonds and the impact of any regulations which may affect its investment in the Bonds; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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 Bonds are legal investments for it. Bonds can be used as security for indebtedness and other restrictions apply to the purchase or pledge of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

All references in this Prospectus to €, **euro** or **EUR** are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended, from time to time, **pounds, Sterling, £** or **GBP** are to the lawful currency of the UK, all references to \$, **U.S.\$**, **U.S. dollars** and **dollars** and **USD** are to the lawful currency of the United States of America.

## Forward-Looking Statements

This Prospectus contains various forward-looking statements regarding events and trends that speak only as of the date hereof and are subject to risks and uncertainties that could cause the actual results and financial position of the Issuer to differ materially from the information presented in this Prospectus. When used in this Prospectus, the words **estimate**, **project**, **intend**, **anticipate**, **believe**, **expect**, **should** and similar expressions, as they relate to the Issuer and its management and the other Obligors and their management, are intended to identify such forward-looking statements. The Issuer and the other Obligors do not undertake any obligation publicly to release the result of any revisions to these forward-looking statements to reflect the events or circumstances after the date hereof or to reflect the occurrence of unanticipated events unless, as a result of such event or circumstance, the Issuer is required under applicable law to publish a supplementary prospectus after the date hereof.

## Responsibility Statements

This Prospectus comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive and for the purpose of giving information with regard to the Issuer and the other Obligors which, according to the particular nature of the Issuer, the Obligors and the Bonds, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer.

The Issuer accepts responsibility for the information contained in this Prospectus and in any Final Terms or Pricing Supplement which complete this Prospectus for each Tranche of Bonds issued hereunder. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each Guarantor accepts responsibility for the information concerning itself in the sections titled "*Documents Incorporated by Reference*", "*Overview of the Elenia Group*", "*Structure Diagram*", "*Overview of the Programme*", "*Risk Factors*", "*Business of Elenia*", "*Selected Financial Overview*", "*Elenia Networks*", "*Elenia Heat*", "*Elenia Services*", "*Elenia Holdings*", "*Elenia Finance (SPPS)*", "*The Parent*", "*Summary of the Common Documents*", "*Summary of the Finance Documents*", "*Summary of the Issuer Transaction Documents*", and in the paragraphs relating to each such Guarantor under the headings "Authorisation", "Litigation", "Significant or Material Change" and "Availability of Financial Statements" in "*General Information*" and the information relating to the Guarantee (the **Guarantor Information**). To the best of the knowledge and belief of each Guarantor, each of which has taken all reasonable care to ensure that such is the case, the Guarantor Information is in accordance with the facts and does not omit anything which would render the Guarantor Information inaccurate or misleading. No Guarantor accepts responsibility for any other information contained in this Prospectus. Save for the Guarantor Information, no Guarantor has separately verified the information contained herein. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any Guarantor as to the accuracy or completeness of any information contained in this Prospectus (other than the Guarantor Information) or any other information supplied in connection with the Programme or distribution of any Bonds issued under the Programme

The Issuer has accurately reproduced the information contained in the section entitled "*Description of Initial Liquidity Facility Providers*" (the **ILFP Information**) from information provided to it by the Initial Liquidity Facility Providers but it has not independently verified such information. So far as the Issuer is aware and is able to ascertain from information published by the Initial Liquidity Facility Providers, no facts have been omitted which would render the ILFP Information inaccurate or misleading.

No person has been authorised to give any information or to make representations other than the information or the representations contained in this Prospectus in connection with the issue of the Bonds, any member of the Security Group or the offering or sale of the Bonds and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Issuer, the Security Group, the Security Trustee, the Bond Trustee, the directors of the Issuer, the Dealers, the Arrangers, any of the Hedge Counterparties, the Original Initial ACF Lenders, WC Facility Providers, Capex Facility Providers, each Facility Agent under each Authorised Credit Facility, the Agents, the Liquidity Facility Providers, the Liquidity Facility Agent, Cash Manager, Registrar, Exchange Agent Transfer Agent, Principal Paying Agent, Agent Bank or the Account Bank. Neither the delivery of this Prospectus nor any offering or sale of Bonds made in connection herewith shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer or the other Obligors since the date hereof. Unless otherwise indicated herein, all information in this Prospectus is given as of the date of this Prospectus. This Prospectus does not constitute an offer of, or an invitation by, or on behalf of, the Issuer or any Dealer to subscribe for, or purchase, any of the Bonds.

Save for the Issuer, Elenia Networks, Elenia Heat and Elenia Services which have only verified the information for which they specifically accept responsibility as described in the preceding paragraphs (other than the ILFP Information), no other party has separately verified the information contained in this Prospectus. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of the Dealers, the Arrangers, the Bond Trustee, the Security Trustee, any of the Hedge Counterparties, the Original Initial ACF Lenders, WC Facility Providers, Capex Facility Providers, each Facility Agent under each Authorised Credit Facility, the Agents, the Liquidity Facility Providers, the Liquidity Facility Agent, Cash Manager, Registrar, Transfer Agent, Exchange Agent, Principal Paying Agent, Agent Bank or the Account Bank as to the accuracy or completeness of the information contained in this Prospectus or any other information supplied in connection with the Bonds or their distribution. The statements made in this paragraph are without prejudice to the responsibilities of the Issuer. Each person receiving this Prospectus acknowledges that such person has not relied on the Dealers, the Arrangers, the Bond Trustee, the Security Trustee, any of the Hedge Counterparties, the Original Initial ACF Lenders, WC Facility Providers, Capex Facility Providers, each Facility Agent under each Authorised Credit Facility, the Agents, the Liquidity Facility Providers, the Liquidity Facility Agent, Cash Manager, Registrar, Transfer Agent, Exchange Agent, Principal Paying Agent, Agent Bank or the Account Bank to review the financial condition or affairs of any of the Issuer or the other Obligors, nor on any person affiliated with any of them in connection with its investigation of the accuracy of such information or its investment decision.

None of the Issuer, the Obligors, the Dealers, the Arrangers, the Bond Trustee, the Security Trustee or any of the Hedge Counterparties, the Original Initial ACF Lenders, the Agents, the Liquidity Facility Providers, Borrower Hedge Counterparties, Cash Manager, Registrar, Transfer Agent, Principal Paying Agent, Agent Bank, the Account Bank or any other party named in this Prospectus take responsibility to investors for the regulatory treatment of their investment in the Bonds (including but not limited to whether any transaction or transactions pursuant to which Bonds are issued from time to time is or will be regarded as constituting a "securitisation" for the purposes of: (i) Regulation (EU) 575/2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) 648/2012 (the "**CRR**"); or (ii) Directive 2006/48/EC, as the same is referenced in Directive 2011/61/EU on Alternative Investment Fund Managers and Amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (the "**AIFMD**") and the application of (iii) Articles 404 to 410 of the CRR, together with the final regulatory technical standards and implementing technical standards to the CRR published by the European Banking Authority pursuant to Articles 410(2) and 410(3) of the CRR and any other applicable guidance, technical standards or related documents published by the European Banking Authority (including any successor or replacement agency or authority) and any delegated regulations of the European Commission (and in each case including any amendment or successor thereto) (together, the "**CRR Retention Requirements**") and (iv) Article 17 of



the AIFMD, as implemented by Section 5 of the European Union Commission Delegated Regulation (EU) No. 231/2013 of 19 December, 2012 supplementing the AIFMD, including any guidance published in relation thereto and any implementing laws or regulations in force in any Member State of the European Union (together, the "AIFMD Retention Requirements" and, together with the CRR Retention Requirements, the "**Risk Retention Requirements**")), respectively, to any such transaction) in any jurisdiction or by any regulatory authority. If the regulatory treatment of an investment in the Bonds is relevant to an investor's decision whether or not to invest, the investor should make its own determination as to such treatment and for this purpose seek professional advice and consult its regulator. Prospective investors should note that the Issuer is of the opinion that the Risk Retention Requirements do not apply to the Bonds and are referred to the "Risk Factors" section of this Prospectus for further information on the Risk Retention Requirements and certain related considerations.

### **Supplementary Prospectus**

The Issuer has undertaken, in connection with the admission of the Bonds to the Official List and to trading on the Regulated Market of any issue of Bonds, that, if there shall occur between the time when this Prospectus is approved and the final closing of any offer of Bonds to the public, or as the case may be, the time when trading on the regulated market begins, any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the rights attaching to the Bonds, the Issuer shall prepare a supplement to this Prospectus or publish a replacement prospectus for use in connection with any subsequent issue by the Issuer of Bonds and will supply to each Dealer and the Bond Trustee such number of copies of such supplement hereto or replacement prospectus as such Dealer and Bond Trustee may reasonably request. The Issuer will also supply to the FCA such number of copies of such supplement hereto or replacement prospectus as may be required by the UK Listing Authority and will make copies available, free of charge, upon oral or written request, at the specified offices of the Paying Agents and in respect of Registered Bonds, the Registrar and the Transfer Agent.

Each of the Issuer and the other Obligors has undertaken to the Dealers in the Dealership Agreement (as defined in "*Subscription and Sale*") to comply with section 87G of the Financial Services and Markets Act 2000 (FSMA).

If the terms of the Programme are modified or amended in a manner which would make this Prospectus, as so modified or amended, inaccurate or misleading, in any material respect, the Issuer shall prepare a supplement to this Prospectus or publish a replacement prospectus for use in connection with any subsequent issue by the Issuer of Bonds.

If at any time the Issuer shall be required to prepare a supplementary prospectus pursuant to section 87G of the FSMA, the Issuer shall prepare and make available an appropriate supplement to this Prospectus or a further prospectus which, in respect of any subsequent issue of Bonds to be listed on the Official List and admitted to trading on the Regulated Market, shall constitute a supplementary prospectus as required by the UK Listing Authority and section 87G of the FSMA.

### **Final Terms, Pricing Supplements and Drawdown Prospectuses**

In this section the expression **necessary information** means, in relation to any Tranche of Bonds, 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 the other Obligors and of the rights attaching to the Bonds. In relation to the different types of Bonds which may be issued under the Programme, the Issuer has included in this Prospectus all of the necessary information except for information relating to the Bonds which is not known at the date of this Prospectus and which can only be determined at the time of an individual issue of a Tranche of Bonds.

Any information relating to the Bonds which is not included in this Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Bonds will be contained either in the relevant Final Terms, Pricing Supplement or in a Drawdown Prospectus. For a Tranche of Bonds which is the subject of Final Terms or Pricing Supplement, those Final Terms or Pricing Supplement, as the case may be, will, for the purposes of that Tranche only, complete this Prospectus and must be read in conjunction with this Prospectus. The terms and conditions of the Bonds as set out herein (the **Conditions**) as completed by Part A of the relevant Final Terms or Pricing Supplement are the terms and conditions applicable to any particular Tranche of Bonds which is the subject of Final Terms or Pricing Supplement, as the case may be.

The Conditions as completed by the relevant Drawdown Prospectus are the terms and conditions applicable to any particular Tranche of Bonds which is the subject of a Drawdown Prospectus. Each Drawdown Prospectus will be constituted by a single document containing the necessary information relating to the Issuer and the relevant Tranche(s) of Bonds.

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## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Prospectus and have been filed with the Financial Conduct Authority shall be incorporated in, and form part of, this Prospectus:

1. Audited consolidated financial accounts for the period between the date of its incorporation and ended on 31 December 2013 in respect of the Issuer, prepared in accordance with IFRS;
2. Audited consolidated financial accounts for the 12 months ended 31 December 2013 in respect of Elenia Oy, prepared in accordance with IFRS;
3. Audited unconsolidated financial accounts for the 12 months ended 31 December 2013 in respect of Elenia Lämpö Oy, prepared in accordance with FAS;
4. Audited unconsolidated financial accounts for the period 10 December 2014 to 31 December 2014 in respect of Elenia Palvelut Oy, prepared in accordance with FAS;
5. Audited consolidated financial accounts for the period between the date of its incorporation and ended on 31 December 2013 in respect of Elenia Holdings S.à r.l., prepared in accordance with IFRS;
6. Audited unconsolidated financial accounts for the 12 months ended 31 December 2013 in respect of Lakeside Network Investments Holding B.V., prepared in accordance with DAS;
7. Audited consolidated financial accounts for the 12 months ended 31 December 2014 in respect of the Issuer, prepared in accordance with IFRS;
8. Audited consolidated financial accounts for the 12 months ended 31 December 2014 in respect of Elenia Oy, prepared in accordance with IFRS;
9. Audited unconsolidated financial accounts for the 12 months ended 31 December 2014 in respect of Elenia Lämpö Oy, prepared in accordance with FAS;
10. Audited consolidated financial accounts for the 12 months ended 31 December 2014 in respect of Elenia Holdings S.à r.l., prepared in accordance with IFRS;
11. Audited unconsolidated financial accounts for the period between the date of its incorporation and ended on 31 December 2014 in respect of Elenia Finance (SPPS) S.à r.l, prepared in accordance with GAAP;
12. Audited unconsolidated financial accounts for the 12 months ended 31 December 2014 in respect of Lakeside Network Investments Holding B.V., prepared in accordance with DAS;
13. the section entitled “Terms and Conditions of the Bonds” from the prospectus dated 5 December 2013 relating to the Programme (at pages 187 to 236 (inclusive)) shall be deemed to be incorporated by reference in, and to form part of, this Prospectus; and
14. the section entitled “Terms and Conditions of the Bonds” from the prospectus dated 27 February 2015 relating to the Programme (at pages 192 to 240 (inclusive)) shall be deemed to be incorporated by reference in, and to form part of, this Prospectus,

(together, the **Documents Incorporated by Reference**).

Following the publication of this Prospectus a supplement may be prepared by the Issuer and approved by the UK Listing Authority 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 Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus can be obtained (without charge) from (i) the registered office of the Issuer and from the specified office of the Principal Paying Agent for the time being in London, (ii) <http://www.elenia.com/en/financialinformation/annual-report>, being the Issuer's website or (iii) the website of the Regulatory News Service operated by the London Stock Exchange at [www.londonstockexchange.com/exchange/news/market-news/market-news-home.html](http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html).

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

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Prospectus.

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

## OVERVIEW OF THE ELENIA GROUP

### Overview

#### *Elenia Group*

Based in Finland, the Elenia Group is the owner and operator of a leading electricity distribution business, Elenia Networks, and a complementary district heating business, Elenia Heat.

#### *Elenia Networks*

The Elenia Group's principal business, Elenia Networks, is Finland's second-largest electricity distribution system operator (**DSO**) with a 12%<sup>1</sup> market share by number of customers. Elenia Networks is a regional monopoly serving all customers in the regions in which it operates. As part of a licence, the Energy Authority (the **EA**) specifies the area of responsibility within which a DSO may operate and the EM Act 2013 specifically states (with certain limited exceptions) that the relevant licence holder has the exclusive right to construct an electricity distribution network in its area of responsibility.

In the opinion of Elenia Networks, Finland has a stable, supportive and independent regulatory regime for distribution. The regime is underpinned by broad-based governmental and societal support (including electricity customers) for continued investment in the electricity distribution network to ensure security of supply. Elenia Networks operates a well-invested and well-maintained network, with a strong focus on ensuring security of supply. As at 31 December 2015 Elenia Networks had total lines of approximately 67,600km, equivalent to approximately 1.5 times around the world, with 34% of the network built underground.

As at December 2015 Elenia Networks supplies approximately 417,200 end-users, across residential, industrial, services and building customers.

To ensure optimal asset management and efficient investment, Elenia Networks has a granular database of network value and asset life. This enables accurate and cost effective capex and opex planning. Elenia Networks also has a long-standing and embedded partnership approach with key suppliers to deliver flexible resourcing, limit supplier concentration and optimise costs.

Elenia Networks has a robust and stable financial profile. Elenia Networks has generated consistently strong financial results and cash flow. In 2014, Elenia Networks generated €222.5m of total revenue and €134.1m of EBITDA.

#### *Elenia Heat*

District heating is a system for distributing heat generated in centralised locations for residential and commercial heating. In Finland, district heating is the leading heating solution with an approximate 46%<sup>2</sup> market share of end-users. Compared to alternatives, it is reliable, cost efficient and expensive to replace.

Similar to Elenia Networks, Elenia Heat has a stable and diverse customer base, with steady growth, low churn rates and very low bad debts. Elenia Heat has approximately 4,500 customers and approximately 85,000 end-users<sup>3</sup>. The management of the Elenia Group is of the opinion that Elenia Heat is a stable,

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<sup>1</sup> Source: EA ([www.energiavirasto.fi](http://www.energiavirasto.fi))

<sup>2</sup> Source: Finnish Energy Industries ([www.energia.fi](http://www.energia.fi))

<sup>3</sup> Source: Elenia Heat

defensive and cash generative subsidiary of Elenia Group. In 2014, Elenia Heat generated €20.4m of EBITDA, equivalent to approximately 13% of the EBITDA of the Elenia Group.

### ***Elenia Services***

The customer service business of Elenia Networks was incorporated into a separate legal entity by way of a business transfer which became effective from 1 January 2015 (the **Elenia Services Business Transfer**). Elenia Networks established Elenia Palvelut Oy (**Elenia Services**), being a wholly owned subsidiary of Elenia Networks and registered on 10 December 2014, as the new legal entity to assume the customer service business of Elenia Group after the Elenia Services Business Transfer. Elenia Services will provide customer services to Elenia Group, such as frontline customer service, end customer invoicing and payment surveillance as well as electricity market message exchange. Until the end of 2015, Elenia Services has provided transitional customer services to Vattenfall Oy and will continue providing certain customer service related services to Vattenfall Oy also during the first half of 2016. Elenia Services may also offer energy and utility business related customer services to other third parties from time to time.

### **Elenia Group's Shareholders**

Elenia Group was acquired from Vattenfall AB in 2012 by a consortium of infrastructure investors: Ilmarinen Mutual Pension Insurance Company (10%), 3iNF (45%) and GS Global Infrastructure Partners II L.P. and GS International Infrastructure Partners II L.P. (45%).

Since the acquisition, the shareholders have worked with management to reinforce the existing strategy of the business. Management's priority is to ensure security of supply through efficient investment in the network, maintain on-going operational excellence, deliver continuous innovation to drive industry progress, and deliver market-leading customer service.

### **Credit Strengths**

The Elenia Group's credit strengths include:

- *Leading electricity distribution network operator in Finland* – Elenia Networks is the second-largest DSO in Finland with a 12%<sup>4</sup> market share by number of customers. It is a regional monopoly serving all customers in a specified area. Given its size, the business has economies of scale compared to other operators, enabling higher cost efficiency in its investment programme.
- *Focused strategy to deliver an essential service* – Elenia Networks has a well-defined strategy. This strategy includes: efficient investment management to enhance security of supply; on-going operational excellence through partnerships; a track record of innovation to drive industry progress and a strong emphasis on customer service.
- *Supportive and stable regulatory environment* – Elenia Networks operates in what it believes to be a supportive and stable regulatory regime, with a primary focus on security of supply and support for enabling DSOs to earn reasonable returns. There is a clear incentive and allowance framework, with DSOs given broad tariff-setting discretion.
- *Experienced and highly regarded management team* – the management team of Elenia Networks and Elenia Heat has a total of over 300 years of combined relevant experience and strong representation in several influential industry bodies.

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<sup>4</sup> Source: EA ([www.energiavirasto.fi](http://www.energiavirasto.fi))

- *Cash generative district heating business*— District heating is a well established and integral part of Finland's energy market. Elenia Heat is Finland's second-largest private seller of district heating by number of customers and has a stable customer base with very low customer churn and very low bad debt rates.
- *Robust and predictable financial profile with FY2014 EBITDA of approximately €156.2m<sup>5</sup>* – Elenia Networks and Elenia Heat have delivered consistently strong financial results and operational performance.
- *Strong investment grade credit rating with significant creditor protections* – Both Elenia Networks and Elenia Heat are attractive businesses with a number of key credit strengths. In addition the Programme benefits from a covenant package in line with typical utility secured structures including: contractual ring fence; bankruptcy remote Issuer; a robust security package (including asset security); and access to a debt service liquidity facility.

## **Regulatory Framework**

Finland's electricity regulation has been in place since 1995, making it one of the longest-standing independent regimes in Europe.

The regulator, the Energy Authority (the **EA**) is focused on security of supply, and consistent with this, has established a clear incentive and allowance framework to encourage investment efficiency, security of supply and innovation. DSOs have broad discretion to set distribution tariffs within the overall regulatory framework. The concept of regulatory periods was introduced in 2005. The current fourth regulatory period began on 1 January 2016. The confirmation decision of Elenia Networks that officially confirms the methodology applicable during the current fourth (2016-2019) and the following fifth (2020-2023) regulatory periods was issued by the EA on 30 November 2015. Elenia Networks is of the opinion that the new methodology is supportive of Elenia Networks' business and investment plan.

## **The Programme**

The Issuer and the Guarantors have established the Programme to raise debt in the bond markets to put in place the long-term financing platform. This platform will fund, among other things, the on-going capital expenditure programmes of Elenia Networks and Elenia Heat. The capital structure is expected to incorporate revolving bank facilities, medium-term bank debt, bonds, private placements and associated hedging for risk management.

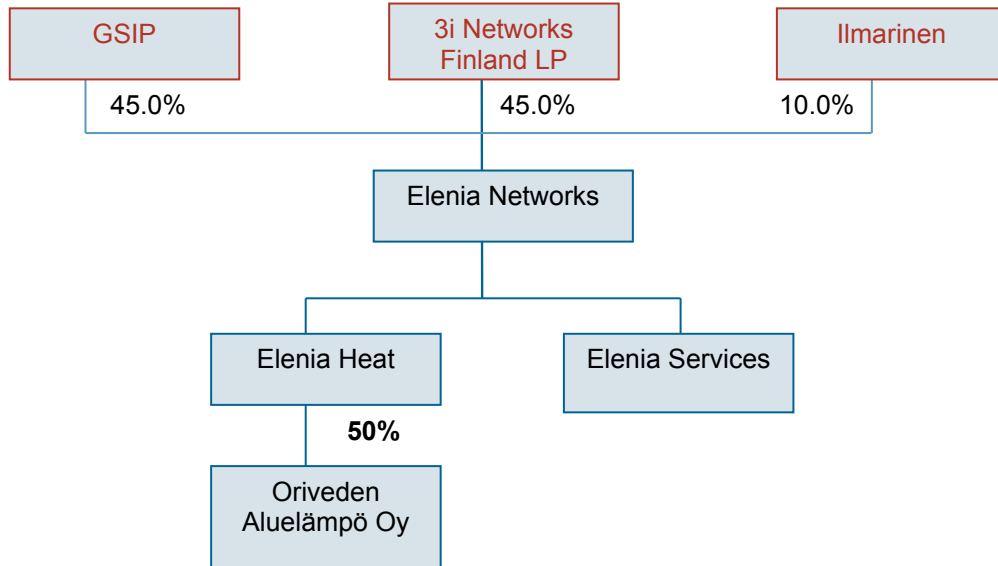
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<sup>5</sup> Excluding non-recurring and exceptional items

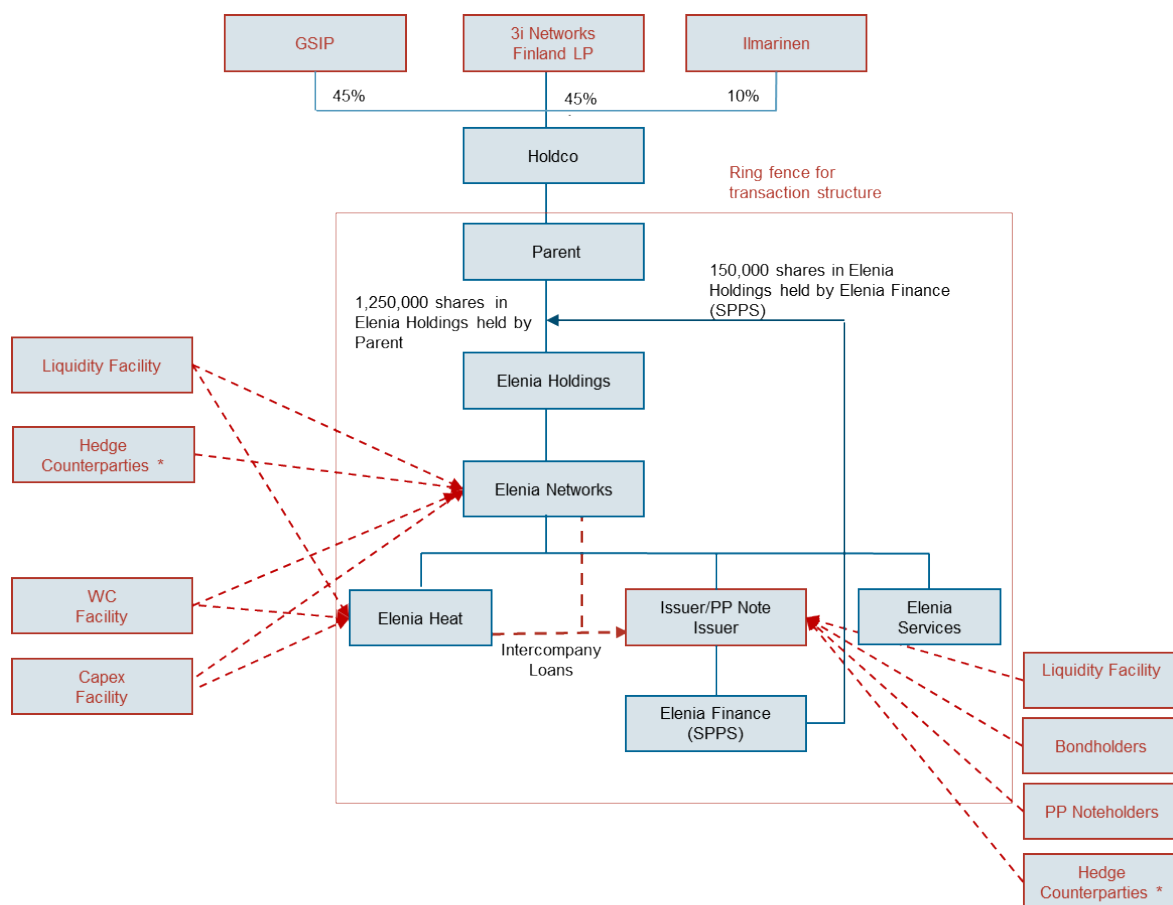


## STRUCTURE DIAGRAM

### Simplified Ownership Overview



## **Simplified Debt Structure**



\* There are currently no hedges in place (as of date of this Prospectus)



## OVERVIEW OF THE PROGRAMME

<b>Issuer</b>	Elenia Finance Oyj, a public limited liability company incorporated in Finland (registration number 2584057-5) having its registered office at Televisiokatu 4 A, FI-00240 Helsinki, Finland. The shares of the Issuer are 100 per cent. legally and beneficially owned by Elenia Networks. The Issuer has its centre of main interests, and is tax resident, in Finland.
<b>PP Note Issuer</b>	The Issuer.
<b>Elenia Networks</b>	Elenia Oy, a limited liability company incorporated in Finland (registration number 2445423-4), having its registered office at Patamäenkatu 7, 33900 Tampere, Finland. The shares of Elenia Networks are 100 per cent. legally and beneficially owned by Elenia Holdings. Elenia Networks has its centre of main interests, and is tax resident, in Finland.
<b>Elenia Heat</b>	Elenia Lämpö Oy, a limited liability company incorporated in Finland (registration number 0991064-1), having its registered office at Vankanlähde 7, 13100 Hämeenlinna, Finland. The shares of Elenia Heat are 100 per cent. legally and beneficially owned by Elenia Networks. Elenia Heat has its centre of main interests, and is tax resident, in Finland.
<b>Elenia Holdings</b>	Elenia Holdings S.à r.l., a private limited liability company ( <i>société à responsabilité limitée</i> ) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 2 rue du Fossé L-1536 Luxembourg, registered with the Luxembourg register of trade and companies under number B. 181773 and having a share capital of EUR14,000. Since the Initial Issue Date, the shares of Elenia Holdings have been 90 per cent. owned by the Parent and 10 per cent. owned by Elenia Finance (SPPS). Elenia Holdings has its centre of main interests, and is tax resident, in Luxembourg.
<b>Elenia Finance (SPPS)</b>	Elenia Finance (SPPS) S.à r.l., a private limited liability company ( <i>société à responsabilité limitée</i> ) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 2 rue du Fossé L-1536 Luxembourg, registered with the Luxembourg register of trade and companies under number B. 181775 and having a share capital of EUR64,745,300. The shares of Elenia Finance (SPPS) are 100 per cent. owned by the Issuer. Elenia Finance (SPPS) has its centre of main interests, and is tax resident, in Luxembourg.
<b>Elenia Services</b>	Elenia Palvelut Oy, a limited liability company incorporated in Finland (registration number 2658611-8), having its registered office at Patamäenkatu 7, 33900 Tampere, Finland. The shares of Elenia Services are 100 per cent. legally and beneficially owned by Elenia Networks. Elenia Services has its centre of main interests, and is tax resident, in Finland.
<b>Parent</b>	Lakeside Network Investments Holding B.V., a private company incorporated in The Netherlands with limited liability (registration number 53150309), having its statutory seat in Amsterdam and its registered office at Naritaweg 165, Telestone 8, 1043BW Amsterdam, The Netherlands. The shares of the Parent are 100 per cent. legally and beneficially owned by Lakeside Network Investments S.à r.l. The Parent has its centre of main interests, and is tax resident, in The Netherlands.

<b>Security Group</b>	Elenia Networks, Elenia Heat, Elenia Services, Elenia Holdings, Elenia Finance (SPPS), the Parent and any other Subsidiary of any member of the Security Group which accedes, <i>inter alia</i> , to the CTA and the STID in accordance with the terms of the Finance Documents (the <b>Security Group</b> ).
<b>Security Group Agent</b>	Elenia Networks (the <b>Security Group Agent</b> ).
<b>Elenia Group</b>	The Elenia Group comprises an electricity distribution business called Elenia Networks as the parent company (previously named LNI Acquisition Oy), a district heating business through Elenia Heat and an associated company Oriveden Aluelämpö Oy and a customer service business through Elenia Services. Both Elenia Heat and Elenia Services are wholly-owned subsidiaries of Elenia Networks.
<b>Guarantors</b>	<p>Under the STID, each Obligor (other than the Issuer) guarantees the obligations of each other Obligor under the Secured Debt to the Security Trustee. The obligations of the Issuer under the Bonds are irrevocably and unconditionally guaranteed by the other Obligors pursuant to the terms of the guarantee made by each of them in the STID (together, the <b>Guarantee</b>).</p> <p>The obligations of each of the Guarantors under the Guarantee and the other Finance Documents to which they are party are secured by the assets of each of the Guarantors other than the Issuer and the Parent whose respective assets only secure their obligations.</p>
<b>Obligors</b>	The Issuer, Elenia Networks, Elenia Heat, Elenia Services, Elenia Holdings, Elenia Finance (SPPS), the Parent and any other person who accedes to, <i>inter alia</i> , the CTA and the STID as an Obligor in accordance with the terms of the Finance Documents (each an <b>Obligor</b> and together the <b>Obligors</b> or the <b>Obligor Group</b> ).
<b>Arrangers</b>	HSBC Bank plc and The Royal Bank of Scotland plc.
<b>Dealers</b>	HSBC Bank plc and The Royal Bank of Scotland plc.
<b>Bondholders</b>	Holders of the Bonds issued by the Issuer from time to time (each a <b>Bondholder</b> and together the <b>Bondholders</b> ).
<b>Original Initial ACF Lenders</b>	The original lenders under the Term Facility, the Capex Facility and the WC Facility (the <b>Original Initial ACF Lenders</b> ).
<b>Initial ACF Agent</b>	Crédit Agricole Corporate and Investment Bank Limited.
<b>Authorised Credit Providers</b>	The <b>Authorised Credit Providers</b> comprise lenders or other providers of credit or financial accommodation under any Authorised Credit Facility (and will initially include the Original Initial Lenders, WC Facility Providers, Capex Facility Providers, the PP Noteholders (but only after such PP Notes have been issued) and the Hedge Counterparties).
<b>Secured Creditors</b>	The secured creditors of the Obligors comprise the Bondholders, the Bond Trustee (for itself and on behalf of the Bondholders), the Security Trustee (in its own capacity and on behalf of the other Secured Creditors), the Original Initial ACF Lenders, the WC Facility Providers, Capex Facility Providers, each

Facility Agent under each Authorised Credit Facility, the PP Noteholders, each Hedge Counterparty, each Liquidity Facility Provider, the Liquidity Facility Agent, the Account Bank, the Principal Paying Agent, the Agent Bank, the Transfer Agent, the Registrar, the Exchange Agent, each other Agent, the Calculation Agent, the Issuer Corporate Services Provider, the Standstill Cash Manager, any replacement Cash Manager who is not a member of the Security Group, each other Authorised Credit Provider, any Additional Secured Creditors, each PP Note Secured Creditor Representative and any other entity which provides funding to the Obligors and accedes to the STID and CTA from time to time, and **Secured Creditor** means any one of them.

**Security Trustee**

Citicorp Trustee Company Limited (or any successor trustee appointed pursuant to the terms of the Security Agreements, the STID and any other document evidencing or creating security over any asset of an Obligor to secure any obligation of any Obligor to a Secured Creditor in respect of the Secured Debt (the **Security Documents**)) acts as security trustee for itself and on behalf of the Secured Creditors and holds, and will be entitled to enforce, the security provided by the Obligors subject to the terms of the Security Documents.

**Bond Trustee**

Citicorp Trustee Company Limited (or any successor trustee appointed pursuant to the Bond Trust Deed (as defined below)) acts as Bond Trustee for and on behalf of the Bondholders.

**Hedge Counterparties**

Each Issuer Hedge Counterparty or, as the context may require, each Borrower Hedge Counterparty (each a **Hedge Counterparty**, and together the **Hedge Counterparties**).

**Issuer Hedge Counterparties**

Any counterparty to any Issuer Hedging Agreement (each an **Issuer Hedge Counterparty** and together the **Issuer Hedge Counterparties**) from time to time.

**Issuer Hedging Agreement**

An **Issuer Hedging Agreement** means the ISDA Master Agreement, the schedule thereto and each confirmation, in each case to be entered into pursuant to the Hedging Policy between the Issuer and an Issuer Hedge Counterparty and the transactions effected thereunder.

**Borrower Hedge Counterparties**

Any counterparty to any Borrower Hedging Agreement (each a **Borrower Hedge Counterparty** and together the **Borrower Hedge Counterparties**) from time to time.

**Borrower Hedging Agreement**

A **Borrower Hedging Agreement** means the ISDA Master Agreement, the schedule thereto and each confirmation, in each case to be entered into pursuant to the Hedging Policy between Elenia Networks and a Borrower Hedge Counterparty and the transactions effected thereunder.

**Account Bank**

Nordea Bank Finland plc (or any successor account bank appointed pursuant to the Account Bank Agreement) (the **Account Bank**).

**Cash Manager**

The Issuer or, during a Standstill Period or following the termination of a Standstill Period (except in certain cases as set out in the STID), the Standstill Cash Manager, which will initially be The Royal Bank of Scotland plc or any other initial or any successor Standstill Cash Manager appointed in accordance with the terms of the CTA.

**Liquidity Facility**

The lenders under the Liquidity Facility Agreement from time to time.

## **Provider(s)**

### **Principal Paying Agent**

Citibank, N.A., London Branch acts as principal paying agent (or any successor principal paying agent appointed pursuant to the Agency Agreement) (the **Principal Paying Agent**) and, together with any other paying agent appointed by the Issuer from time to time (each a **Paying Agent**), provides certain issue and paying agency services to the Issuer in respect of the Bonds.

### **Registrar**

Citigroup Global Markets Deutschland AG (or any successor registrar appointed pursuant to the Issuer Transaction Documents) acts as registrar and provides certain registrar services to the Issuer in respect of any Bonds issued in registered form.

### **Transfer Agent**

Citigroup Global Markets Deutschland AG (or any successor transfer agent appointed pursuant to the Finance Documents) acts as transfer agent and provides certain transfer agency services to the Issuer in respect of any Bonds issued in registered form.

### **Exchange Agent**

Citibank, N.A., London Branch (or any successor transfer agent appointed pursuant to the Finance Documents) acts as exchange agent and provides certain exchange services to the Issuer in respect of any Bonds issued in registered form.

### **Agent Bank**

Citibank, N.A., London Branch (or any successor agent bank appointed pursuant to the Agency Agreement) acts as agent bank (the **Agent Bank**) in respect of the Bonds.

### **Rating Agencies**

Initially S&P.

### **Use of Proceeds**

The net proceeds of each Tranche of Bonds will be applied towards, amongst other things, general corporate purposes including:

- (a) to refinance indebtedness arising from the Authorised Credit Facilities from time to time; and
- (b) towards fees, costs, expenses, stamp, registration and other taxes incurred in connection with the above.

The corporate structure is designed to ensure that the Issuer will have available funds to meet the payment profile of the Bonds in the context of the Finnish tax and legal regime.

On the Initial Issue Date, the Issuer used the proceeds of the Bonds issued on that date to make an equity investment in Elenia Finance (SPPS), its wholly-owned subsidiary. Elenia Finance (SPPS) used part of those proceeds to acquire, for nominal value, 10 per cent. of the equity in Elenia Holdings and lent the remaining amount of the proceeds to Elenia Holdings through a subordinated profit participating security (the **SPPS**). Elenia Holdings used the amounts under the SPPS to subscribe for additional equity in Elenia Networks. On the Initial Issue Date, Elenia Networks also drew down under Facility A and used those amounts and the equity proceeds received from Elenia Holdings to repay its existing indebtedness and discharge related transaction costs.

It is intended that amounts owed to the Bondholders will be serviced by Elenia Networks and Elenia Heat through either group contributions to the Issuer or



further equity subscriptions in the Issuer. However, in order to ensure that sufficient funds are always available to the Issuer to service the Bonds and as a fallback should other funding options not be available, intercompany loan agreements were put in place on the Initial Issue Date between each of (i) Elenia Networks (as lender) and the Issuer (the **Elenia Loan Agreement**), and (ii) Elenia Heat and the Issuer (the **Elenia Heat Loan Agreement** and, together, the **Intercompany Loan Agreements**), under which funds will be automatically drawn to ensure that available funds for the Issuer will match the payment profile of the Bonds should other amounts not be available to the Issuer to meet its payment obligations under the Bonds.

#### **The Initial Authorised Credit Facilities Agreement**

Elenia Networks and Elenia Heat entered into a senior loan agreement dated 10 December 2013 (the **Initial Authorised Credit Facilities Agreement**) with, among others, the Issuer (as Cash Manager), the Initial ACF Agent, the Initial ACF Arrangers and the Original Initial ACF Lenders. The facilities provided under the Initial Authorised Credit Facilities Agreement consist of a term facility made available to Elenia Networks of up to €695,000,000 (**Facility A** or the **Term Facility**) and a term capital expenditure facility capable of being reborrowed made available to both Elenia Networks and Elenia Heat of up to €250,000,000 (the **Capex Facility**) and a working capital revolving credit facility made available to Elenia Networks and Elenia Heat of up to €55,000,000 (the **WC Facility**) each as permitted under the CTA.

Elenia Networks used the sums advanced under Facility A: (a) to refinance the Existing Indebtedness; (b) to pay fees, costs, expenses, stamp, registration and other taxes incurred in connection with such refinancing; and (c) for the general corporate purposes of the Security Group.

Elenia Networks and Elenia Heat will use the sums advanced under the WC Facility to fund the general corporate and working capital requirements of the Security Group.

Elenia Networks and Elenia Heat will use the sums advanced under the Capex Facility to fund certain Capital Expenditure requirements of the Security Group and certain Permitted Acquisitions.

For further details of the Term Facility, the Capex Facility and the WC Facility, see "*Summary of the Finance Documents – Initial Authorised Credit Facilities Agreement*" below.

#### **CTA**

Each of, among others, the Obligors, the Issuer, the Security Trustee, the Bond Trustee, the Cash Manager, the Security Group Agent, the Initial Liquidity Facility Providers, the Initial ACF Arrangers, the LF Arrangers, the Liquidity Facility Agent, the Initial Borrower Hedge Counterparties, the Original Initial ACF Lenders, the Initial ACF Agent and the Account Bank have entered into a common terms agreement dated 10 December 2013 (the **CTA**). The CTA sets out the representations, covenants (positive, negative and financial), Trigger Events and Events of Default which will apply to the Secured Debt including any Authorised Credit Facility (which will include any Bonds issued under this Programme).

**Authorised Credit Facility** means any facility or agreement entered into by any Obligor for Secured Debt as permitted by the terms of the CTA, the providers of which are parties to or have acceded to the STID and the CTA, and includes the Bonds, the Bond Trust Deed, the WC Facility, the Capex Facility, the Initial

Authorised Credit Facilities, the Liquidity Facilities, the Hedging Agreements, each PP Note Purchase Agreement, the PP Notes and: (a) any fee letter or commitment letter entered into in connection with the foregoing facilities or agreements or the transactions contemplated in the foregoing facilities; and (b) any other document (not being the Dealership Agreement, a Subscription Agreement or a Common Document) that has been entered into in connection with the foregoing facilities or agreements or the transactions contemplated thereby that has been designated as a document that should be deemed to be an Authorised Credit Facility for the purposes of this definition by the parties thereto (including at least one Obligor).

For further details of the CTA, see "*Summary of the Common Documents – Common Terms Agreement*" below.

#### **Standstill and Enforcement**

On the occurrence of an Event of Default, the Security granted by the Parent may be enforced at any time by the Security Trustee at the direction of the Majority Creditors (provided that the relevant Quorum Requirement has been met). On the occurrence of an Event of Default, the Secured Creditors will not be otherwise permitted to enforce the Security until the earliest of: (a) the date of the commencement of any Insolvency Proceedings in relation to any Obligor; and (b) the date on which the requisite percentage (in accordance with the STID) of Participating Qualifying Secured Creditors vote to terminate the Standstill Period in accordance with the STID.

#### **Security Trust and Intercreditor Deed**

Each of the Obligors and the Secured Creditors have entered into a security trust and intercreditor deed dated 10 December 2013 (the **STID**). The STID sets out the intercreditor arrangements in respect of the Security Group (the **Intercreditor Arrangements**). The Intercreditor Arrangements binds each of the Secured Creditors, including the Bondholders, and each of the Obligors.

The purpose of the Intercreditor Arrangements is to regulate, among other things: (a) the claims of the Secured Creditors (including the Bondholders); (b) the exercise, acceleration and enforcement of rights by the Secured Creditors (including the Bondholders); (c) the rights of the Secured Creditors (including the Bondholders) to instruct the Security Trustee; (d) the Entrenched Rights and the Reserved Matters of the Secured Creditors (including the Bondholders); and (e) the giving of consents and waivers and the making of modifications to the Common Documents.

The Intercreditor Arrangements also provide for the ranking in point of payment of the claims of the Secured Creditors both before and after the delivery of an Acceleration Notice and for the subordination of all claims of Subordinated Intragroup Creditors or claims among the Security Group.

For further details of the STID, see "*Summary of the Common Documents – Security Trust and Intercreditor Deed*" below.

#### **Hedging**

Pursuant to the CTA, the Security Group (including the Issuer) will be subject to a hedging policy (the **Hedging Policy**) such that (unless the Hedging Policy requires or permits otherwise) at all times Elenia Networks and the Issuer are hedged as regards: (a) interest rates to ensure that at any time: (i) a minimum of 85 per cent. of the total outstanding Relevant Debt: (A) is fixed rate; (B) is index-linked; or (C) effectively bears a fixed or index-linked rate pursuant to a Hedging Agreement until the end of the then current Regulatory Period; (ii) a minimum of 50 per cent. of the total outstanding Relevant Debt: (A) is fixed

rate; (B) is index-linked; or (C) effectively bears a fixed or index-linked rate pursuant to a Hedging Agreement until the end of the immediately following Regulatory Period; (iii) during the period from and including the Initial Issue Date until and excluding the date falling one year after the Initial Issue Date, no more than 105 per cent. of the total Relevant Debt: (A) is fixed rate; (B) is index-linked; or (C) effectively bears a fixed or index-linked rate pursuant to a Hedging Agreement; and (iv) beginning from one year after the Initial Issue Date, no more than 102.5 per cent. of the total Relevant Debt: (A) is fixed rate; (B) is index-linked; or (C) effectively bears a fixed or index-linked rate pursuant to a Hedging Agreement; and (b) all currency risk in respect of foreign currency denominated debt instruments.

For the purposes of the above, **Relevant Debt** means without double counting the Secured Debt from time to time (disregarding for these purposes the notional amount under any Hedging Agreement and the commitments under any Liquidity Facility Agreement, the WC Facility and the Capex Facility).

For further details of the Hedging Policy, see "*Summary of the Common Documents – Common Terms Agreement – Hedging Policy*" below.

The Hedging Policy does not apply to any Treasury Transaction entered into by members of the Security Group in the ordinary course of business and for non-speculative purposes where the counterparty does not accede to the STID.

For further details of the Treasury Transactions, see "*Summary of the Common Documents – Common Terms Agreement – Hedging Policy*" below.

#### **Liquidity Facility and Debt Service Reserve Account**

Elenia Networks, Elenia Heat and the Issuer will have the benefit of a liquidity facility provided pursuant to a liquidity facility agreement (the **Liquidity Facility Agreement**) with certain lenders (each a **Liquidity Facility Provider** and together the **Liquidity Facility Providers**) or a Debt Service Reserve Account which, in aggregate, must at all times be at least equal to their respective projected interest and commitment or commission payments and payments of principal that are part of scheduled amortisation of the Secured Debt and net payments (other than accretion payments, payments on any break or final or termination payments under any Hedging Agreements) under the Hedging Agreements for the following 12 months (calculated on a rolling basis on each Calculation Date) (in aggregate, the **Liquidity Required Amount**).

#### **Governing law**

The Common Documents, the Finance Documents, the Security Agreement, the Dealership Agreement and any Subscription Agreement and any non-contractual obligations arising out of or in connection in respect thereof, are (except for the Security Documents (excluding the Security Agreement)) governed by English law. The Security Documents (other than the Security Agreement) are governed by Finnish law and Luxembourg law (as applicable).

#### **Programme Size**

Up to €3,000,000,000 (or its equivalent in other currencies) aggregate nominal amount of Bonds outstanding at any time as increased from time to time by the Issuer.

<b>Purpose of the Programme</b>	<p>(a) To refinance the Existing Indebtedness (as defined below).</p> <p>(b) Towards fees, costs, expenses, stamp, registration and other taxes incurred in connection with the matters described in paragraph (a) above.</p> <p>(c) The general corporate purposes of the Obligor.</p>
<b>Issuance in Series and Tranches</b>	<p>Bonds issued under the Programme will form a single class and be issued in Series on each Issue Date. Each Series may comprise one or more Tranches issued on different issue dates. Bonds issued after the initial issuance may be fungible with the Bonds issued on or after the Initial Issue Date or may be issued on different terms in accordance with the Bond Trust Deed.</p> <p>On each Issue Date, the Issuer will issue the Tranches of Bonds set out in the Final Terms or Pricing Supplement, as the case may be, published on the relevant Issue Date.</p>
<b>Certain Restrictions</b>	<p>Each issue of Bonds denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time including the restrictions applicable at the date of this Prospectus. See "<i>Subscription and Sale</i>" below.</p> <p>Bonds having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the FSMA unless they are issued to a limited class of professional investors and have a denomination of at least €100,000 or its equivalent. See "<i>Subscription and Sale</i>" below.</p>
<b>Currencies</b>	<p>Euro, Sterling, U.S. dollars and, subject to any applicable legal or regulatory restrictions, any other currency agreed between the Issuer and the relevant Dealer.</p>
<b>Final Terms, Pricing Supplement or Drawdown Prospectus</b>	<p>Bonds issued under the Programme may be issued either: (a) pursuant to this Prospectus and associated Final Terms or Pricing Supplement (as the case may be); or (b) pursuant to a standalone Drawdown Prospectus.</p>
<b>Denomination of Bonds</b>	<p>Bonds will be issued in such denominations as may be specified in the relevant Final Terms or Pricing Supplement, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements applicable to the currency of the relevant Tranche of Bonds. Bonds which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a member state of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive (2003/71/EC) as amended, shall have a minimum specified denomination of £100,000, €100,000, U.S.\$200,000 or not less than the equivalent of €100,000 in any other currency as at the date of issue of such Bonds.</p>

<b>Redenomination</b>	The applicable Final Terms or Pricing Supplement may provide that certain Bonds may be redenominated in euro. The relevant provisions applicable to any such redenomination will be contained in Condition 19 ( <i>European Economic and Monetary Union</i> ).
<b>Maturities</b>	<p>Subject to any applicable law or regulation applicable to the Issuer or the relevant specified currency, the Bonds will have such maturities as may be agreed between the Issuer and the relevant Dealer.</p> <p>In certain circumstances, where Bonds have a maturity of less than one year, such Bonds will be subject to limitations to ensure the Issuer complies with section 19 of FSMA. For further details, please see the United Kingdom selling restrictions as set out in the "<i>Subscription and Sale</i>" section of this Prospectus and the Final Terms or Pricing Supplement (as the case may be) for any particular Tranche of Bonds.</p>
<b>Issue Price</b>	Bonds may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par, as set out in the relevant Final Terms or Pricing Supplement (as the case may be).
<b>Interest</b>	Bonds will, unless otherwise specified in the relevant Final Terms or Pricing Supplement (as the case may be), be interest-bearing and interest will be calculated (unless otherwise specified in the relevant Final Terms or Pricing Supplement) on the Principal Amount Outstanding (as defined in the Conditions) of such Bonds. Interest will accrue at a fixed or floating rate (plus, in the case of Index-Linked Bonds, amounts in respect of indexation) and will be payable in arrears, as specified in the relevant Final Terms or Pricing Supplement, or on such other basis and at such rate as may be so specified. Interest will be calculated on the basis of such Day Count Fraction (as defined in the Conditions) as may be agreed between the Issuer and the relevant Dealer as specified in the relevant Final Terms or Pricing Supplement.
<b>Form and Status of Bonds</b>	<p>The Bonds will constitute unconditional obligations of the Issuer. Bonds will rank <i>pari passu</i> without preference or priority in point of security among themselves and will be issued in bearer or registered form.</p> <p>Bonds issued in registered form shall not be exchangeable for Bonds issued in bearer form and vice versa.</p> <p>The Bonds represent the right of the holders of such Bonds to receive interest (where applicable) and principal payments from the Issuer in accordance with the terms and conditions of the Bonds and the Bond Trust Deed entered into by the Issuer and the Bond Trustee in connection with the Programme (the <b>Bond Trust Deed</b>).</p>
<b>Fixed Rate Bonds</b>	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
<b>Floating Rate Bonds</b>	Floating Rate Bonds will bear interest at a rate determined on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service plus the applicable margin (if any).

	The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Tranche of Floating Rate Bonds.
<b>Instalment Bonds</b>	Fixed Rate Bonds which are repayable in two or more instalments of such amounts and on such dates as indicated in the applicable Final Terms or Pricing Supplement.
<b>Index-Linked Bonds</b>	Payments of principal or interest in respect of Index-Linked Bonds will be calculated by reference to the Finnish Consumer Price Index.
<b>Other provisions in relation to Floating Rate Bonds and Index-Linked Interest Bonds</b>	The Floating Rate Bonds and Index-Linked Bonds may also have a maximum interest rate, a minimum interest rate (or any combination of the foregoing).
<b>Zero Coupon Bonds</b>	Zero Coupon Bonds may be offered and sold at a discount to their nominal amount and will not bear interest.
<b>Interest Periods and Payment Dates</b>	Such interest periods and interest payment dates as the Issuer and the relevant Dealer may agree in relation to a particular Tranche of Bonds.
<b>Final Redemption</b>	<p>As set out in Condition 8(a) (<i>Final Redemption</i>), if a Tranche of Bonds has not previously been redeemed in full, such Tranche shall be finally redeemed at its Principal Amount Outstanding (in the case of Index-Linked Bonds as adjusted in accordance with Condition 7(b) (<i>Application of the Index Ratio</i>)) plus accrued interest on the Final Maturity Date as specified in the applicable Final Terms or Pricing Supplement.</p> <p>Instalment Bonds shall be repayable in two or more instalments of such amounts and on such dates as indicated in the applicable Final Terms or Pricing Supplement.</p>
<b>Optional Redemption</b>	As set out in Condition 8(b) ( <i>Optional Redemption</i> ), the Issuer may (prior to the Final Maturity Date (as defined in the Conditions)) redeem Bonds in whole or in part (but on a <i>pro rata</i> basis only) upon giving not more than 60 nor fewer than 15 days' prior written notice to the Bond Trustee, the Secured Creditors and the Bondholders on any Interest Payment Date at their Redemption Amount (as defined in the Conditions).
<b>Mandatory Redemption upon application of amounts standing to the credit of the Defeasance Account</b>	As set out in Condition 8(d) ( <i>Mandatory redemption upon application of amounts standing to the credit of the Defeasance Account</i> ), the Issuer may apply amounts standing to the credit of the Defeasance Account to redeem Bonds in whole or in part (but on a <i>pro rata</i> basis only) upon giving not more than 60 nor fewer than 15 days' prior written notice to the Bond Trustee, the Secured Creditors and the Bondholders on any Interest Payment Date at their Redemption Amount (as defined in the Conditions).
<b>Redemption for Taxation Reasons</b>	<p>As more particularly set out in Condition 8(c)(ii) (<i>Redemption for Taxation Reasons and Illegality</i>), if the Issuer satisfies the Bond Trustee that:</p> <p>(a) either (I) the Issuer or (II) the Guarantors would be unable for reasons outside of their control to procure payment by the Issuer and in making payment itself or themselves (in each case), would become obliged to</p>

deduct or withhold from any payment of interest or principal in respect of the Bonds (other than in respect of default interest), any amount for or on account of Taxes as a result of any change in or amendment to laws or regulations or any change in the application or official interpretation of laws or regulations (including a holding by a court of competent jurisdiction) which changes become effective after the Initial Issue Date;

- (b) by reason of a change in law (or the application or official interpretation thereof), which change becomes effective on or after the Initial Issue Date that an Issuer Hedge Counterparty would be entitled to terminate a Hedging Agreement in accordance with its terms as a result of the Issuer or the Issuer Hedge Counterparty being required to make any withholding or deduction for or on account of any Taxes from payments in respect of an Issuer Hedging Agreement; or
- (c) by reason of a change after the Establishment Date in the tax treatment of the Issuer or any other member of the Obligor Group in respect of the deductibility for tax purposes of interest paid by the Issuer or another Obligor where the change in such treatment adversely affects the amount of such payments which may be deducted by the Issuer or another Obligor, provided that such change is not the result of an action (or inaction) by the Issuer or any other member of Obligor Group,

then the Issuer (or as the case may be, a Guarantor) may, in order to avoid the relevant deductions, withholding or illegality but is not obliged to: (I) use its reasonable endeavours to arrange the substitution of a company incorporated under the laws of another jurisdiction approved by the Bond Trustee as principal debtor under the Bonds upon satisfying the conditions for substitution of the Issuer as set out in Condition 15 (*Passing of resolutions by Bondholders, Modification, Waiver and Substitution*); or (II) convert any Bearer Bonds into Registered Bonds in accordance with Condition 2(a) (*Exchange of Bonds*) if such conversion will be effective to avoid the relevant deduction or withholding or illegality. If the Issuer (or as the case may be, the Guarantor) elects not to seek to avoid the relevant deductions, or is unable to arrange a substitution as described above having used reasonable endeavours to do so or a conversion of Bearer Bonds to Registered Bonds would not prevent any withholding or deduction or illegality and, as a result, the relevant deduction or withholding or illegality is continuing then the Issuer may, upon giving not more than 15 nor less than five Business Days' prior written notice to the Bond Trustee, the Guarantors, the Secured Creditors and the Bondholders in accordance with Condition 17 (*Notices*), redeem all (but not some only) of the affected Tranche of Bonds on any Interest Payment Date at (1) their Principal Amount Outstanding plus accrued but unpaid interest thereon (each adjusted, in the case of Index-Linked Bonds, in accordance with Condition 7(b) (*Application of the Index Ratio*)) or (2) in respect of a redemption as a result of the occurrence of the circumstances set out in paragraph (c) above where such change in deductibility is in respect of interest payable by the Issuer or any Obligor under any Subordinated Liabilities, the amount for the affected Tranche of Bonds in respect of a redemption to which Condition 8(b) (*Optional Redemption*) would apply (irrespective of whether the Final Terms or Pricing Supplement provides that such Condition applies in respect of the affected Tranche of Bonds).

## **Redemption for**

As more particularly set out in Condition 8(c)(i) (*Redemption for Index Events*),

<b>Index Events</b>	upon the occurrence of any Index Event, the Issuer may, upon giving not more than 15 nor less than five Business Days' prior written notice to the Bond Trustee, the Secured Creditors and the holders of the Index-Linked Bonds, redeem all (but not some only) of the Index-Linked Bonds of any Tranche of Bonds on any Interest Payment Date at the Principal Amount Outstanding (adjusted for indexation) plus accrued but unpaid interest.
<b>Taxation</b>	<p>All payments in respect of Bonds, including under the Guarantee, will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied. To the extent that withholding or deduction of taxes, duties, assessments or governmental charges is required by law, the Issuer and the Guarantors will be obliged to pay additional amounts in respect of any such withholding or deduction, subject to the exceptions set out in Condition 10 (<i>Taxation</i>).</p> <p>All payments in respect of the Bonds will be subject in all cases to: (a) any fiscal or other laws and regulations applicable thereto in the place of payment; and (b) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the <b>Code</b>) or otherwise imposed pursuant to Sections 1471 to 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.</p>
<b>Security</b>	The obligations of the Issuer, including in respect of the obligations owed under the Bonds, and the other Obligors are secured pursuant to the Security Documents. See " <i>Summary of the Finance Documents</i> " below.
<b>Guarantee</b>	As set out in the STID, payment of amounts owed by the Issuer under the Bonds will be irrevocably and unconditionally guaranteed by the Guarantors. The obligations of the Guarantors under the Guarantee constitute direct obligations of the Guarantors secured against the assets of the Guarantors.
<b>Covenants</b>	The representations, warranties, covenants and events of default which will apply to the Bonds are set out in the CTA and the Bond Trust Deed. See " <i>Summary of the Common Documents – Common Terms Agreement</i> " and " <i>Summary of Issuer Transaction Documents – Bond Trust Deed</i> ".
<b>Distribution</b>	Bonds may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
<b>Bond Purchases</b>	<p>As set out in Condition 8(f) (<i>Purchase of Bonds</i>), each of the Issuer, a nominee of the Issuer or any other Obligor may, provided that no Event of Default has occurred and is continuing, purchase Bonds (together with all unmatured Receipts and Coupons and unexchanged Talons (if any) appertaining thereto) in the open market or otherwise (but not, for the avoidance of doubt, in any initial distribution of Bonds) at any price (without any obligation to surrender such Bonds for cancellation other than as set out in Condition 8(h) (<i>Cancellation</i>)) and, to the extent that such Bonds have not been cancelled, may resell them in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.</p> <p>Any Bond purchased by the Issuer, a nominee of the Issuer or any other Obligor shall, for so long as it is held by it (or on its behalf), cease to have voting rights and be excluded from any quorum or voting calculations set out in the</p>



Conditions.

**Listing**

It is expected that the Bonds issued under the Programme will be admitted to the Official List and admitted to trading on the Regulated Market.

**Ratings**

The ratings assigned to the Bonds by the Rating Agencies reflect only the views of the Rating Agencies. The ratings of a particular Tranche of Bonds will be specified in the relevant Final Terms or Pricing Supplement.

S&P is established in the European Union and is registered under the CRA Regulation. As such, S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.

A rating is not a recommendation to buy, sell or hold securities and will depend, among other things, on certain underlying characteristics of the business and financial condition of the Security Group. A rating may be subject to suspension, change or withdrawal at any time by the assigning Rating Agency.

**Events of Default**

The events of default under the Finance Documents (other than any Liquidity Facility Agreement and any Hedging Agreements) are summarised and include, but are not limited to, the following:

- (a) failure to pay (with a three-Business Day remedy period by an Obligor where failure to pay is caused by administrative or technical error);
- (b) breach of the relevant Default Ratio (subject to exercise of any equity cure right);
- (c) breach of (i) the Restricted Payments, (ii) another covenant by an Obligor which has a Material Adverse Effect or misrepresentation (in each case with a 20 Business Day remedy period if capable of being remedied);
- (d) insolvency, insolvency proceedings, winding up or analogous event in respect of an Obligor other than:
  - (i) any winding-up petition which is (a) being contested in good faith by any Obligor; or (b) frivolous or vexatious and discharged, stayed or dismissed within 20 Business Days or commencement of, if earlier, the date on which it is advertised;
  - (ii) any step or procedure contemplated by paragraph (b) of the definition of Permitted Transaction;
  - (iii) in respect of any such action, legal proceedings or step is over or relating to assets the aggregate value of which does not exceed €10,000,000;
  - (iv) where the relevant indebtedness arises under Subordinated Liabilities or Subordinated Intragroup Liabilities;
- (e) rescission or repudiation of any Finance Document by an Obligor, the failure of any party to the STID (other than a Finance Party or Obligor) to comply with their obligations thereunder, or any representation under

the STID being incorrect in any material respect (subject to a ten-Business Day remedy period);

- (f) the termination of the Networks Licence or any authorisation which is required for the Permitted Business of any Obligor or the Networks Licence is amended and such amendment has resulted in a Material Adverse Effect (other than where: (i) the Networks Licence or authorisation is replaced on terms not materially less favourable and (ii) such termination (other than in the case of the Networks Licence) would not reasonably be likely to have a Material Adverse Effect;
- (g) if it becomes unlawful for any Obligor to perform its material obligations under any Finance Document to which it is a party or any Security Interest created by the Security Documents or any subordination created under the STID ceases to be effective or is or becomes unlawful;
- (h) any obligation or obligations of any Obligor under the Finance Document becoming invalid or unenforceable against any Obligor;
- (i) the authority or ability of any member of the Security Group to conduct its business being materially limited or wholly or substantially curtailed by any seizure, expropriation, nationalisation, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority or other person in relation to any member of the Security Group or any of its material assets, in each case, in a manner or to an extent which has a Material Adverse Effect (unless adequate compensation on termination to address such Material Adverse Effect is payable to the Security Group and the Rating Agencies have not downgraded the Bonds below Investment Grade (without prejudice to any other Event of Default which may occur under the CTA as a consequence of such events));
- (j) any Obligor fails to comply with any judgment of any court and such failure has a Material Adverse Effect;
- (k) the enforcement of any execution proceedings in relation to any assets of an Obligor which would reasonably be expected to have a Material Adverse Effect or the commencement of any litigation against any of the Obligors which is likely to be adversely determined and which, if adversely determined, would reasonably be expected to have a Material Adverse Effect; and
- (l) as a result of an event of default: (i) any Financial Indebtedness (not being Secured Debt or any subordinated Financial Indebtedness) of any Obligor is not paid when due nor within any applicable grace period (subject to a €5,000,000 threshold); or (ii) more than €20,000,000 of the Financial Indebtedness of any Obligor is declared or is capable of being declared due and payable prior to its specified maturity,

subject to certain qualifiers and thresholds as more fully set out in the section entitled "*Summary of the Common Documents – Common Terms Agreement*" below.

These Events of Default apply to all Secured Debt including, but not limited to,

the issuance by the Issuer of the Bonds under this Programme.

### **Trigger Events**

The trigger events under the CTA (each, a **Trigger Event**) are summarised as follows and include, but are not limited to, the following:

- (a) the amount available under a Liquidity Facility Agreement at any time and the amount credited to a Debt Service Reserve Account is in aggregate less than the Liquidity Required Amount;
- (b) breach of the relevant Trigger Event Ratio;
- (c) the aggregate of the amount of: (i) Elenia Networks' operating cash flows available or forecast to be available to meet its Capital Expenditure and working capital requirements for the next 12 months; and (ii) amounts available to be drawn in the next 12-month period under the Capex Facility and WC Facility is less than the aggregate of the forecast Capital Expenditure and working capital requirements projected for the next 12 months;
- (d) a Regulator gives Elenia Networks notice of any proposed or actual modification to the Networks Licence which has, or would reasonably be expected to have, a Material Adverse Effect or result in a breach of Default Ratios;
- (e) receipt by Elenia Networks of a written notice from the Regulator or other proceedings in respect of the transfer of its electricity system to another system operator in each case where such transfer is reasonably likely to occur and would, or would be reasonably likely to have a Material Adverse Effect or result in a breach of the Default Ratios;
- (f) draft legislation reaching a final reading which, if enacted, would, or would reasonably be expected to have a Material Adverse Effect or result in a breach of the Default Ratios;
- (g) there is a drawdown (other than a Standby Drawing) under the Liquidity Facility or drawing from the Debt Service Reserve Account or a Liquidity Standby Account, if such withdrawal is for the purposes of making scheduled payments on the Senior Debt;
- (h) an Event of Default has occurred and is subsisting following the expiry of any applicable grace or remedy period;
- (i) the rating sought by the Issuer and which is assigned to the Bonds by the Rating Agencies falls below Investment Grade;
- (j) the Auditors qualify their report on any audited financial statements and such qualification has or is reasonably expected to have an Material Adverse Effect; or
- (k) on any Calculation Date, the aggregate amount of accretion by indexation of any Super Senior Hedge Agreements which hedge payments to be made by reference to indexation is greater than 8 per cent. of the aggregate principal amount of Senior Debt on such date,

subject to certain qualifiers and thresholds as more fully set out in the section

entitled "*Summary of the Common Documents – Common Terms Agreement*" below.

**Consequences of a Trigger Event**

If a Trigger Event occurs and is continuing, then:

- (a) the Security Trustee may request the Security Group, or such members thereof as the Security Trustee may consider appropriate or as it may be directed to request by the Qualifying Secured Creditors (acting reasonably) representing at least 20 per cent. of the Outstanding Principal Amount under the Qualifying Secured Debt provided the Trigger Event is continuing for 12 months or more: (i) to provide the Security Trustee within a specified timeframe being not less than 30 Business Days with its written proposals for the remedy of the Trigger Event (to the extent the same is capable of remedy by the Security Group); and/or (ii) to meet with the Security Trustee and such Secured Creditor Representatives as the Security Trustee may request to discuss the ramifications of the Trigger Event and its remedy;
- (b) no Restricted Payment may be made by any Obligor until the Calculation Date after cure of the Trigger Event, provided no Trigger Event is then subsisting; and
- (c) provided the Trigger Event is continuing for 12 months or more, the Security Group must provide such information as to the relevant Trigger Event (including its causes and effects) as may be requested by the Security Trustee acting on the instructions of the Qualifying Secured Creditors (acting reasonably) representing at least 20 per cent. of the Outstanding Principal Amount under the Qualifying Secured Debt.

**Remedy of Trigger Events**

The CTA will provide for the manner in which Trigger Events may be remedied and in respect of financial covenants will be treated as cured on the next Calculation Date on which the relevant covenant is satisfied.

**Obligations of the Security Trustee**

The Security Trustee will, in acting as mentioned above, be acting in that capacity as if it were enforcing security and it shall, therefore, be acting on the instructions of the Qualifying Secured Creditors in accordance with the Security Documents. The Obligors will acknowledge in the Security Documents that the Security Trustee shall be accountable only to the Secured Creditors and shall have no obligation to the Obligors.

**Selling Restrictions**

There are restrictions on the offer, sale and transfer of the Bonds in the United States, the United Kingdom and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Bonds. See "*Subscription and Sale*" below.

**Investor Information**

Elenia Networks, as Security Group Agent, is required to produce an Investor Report semi-annually on each Reporting Date which will be posted on the Designated Website. Elenia Networks is also required to publish annual audited accounts and an auditors' report along with semi-annual unaudited accounts and compliance certificates.

## **RISK FACTORS**

The following sets out certain aspects of the Bonds, the Guarantee, the Common Documents, the Finance Documents, the Issuer Transaction Documents and the activities of the Elenia Group and the wider Security Group about which prospective Bondholders should be aware. Prospective investors should carefully consider the following risk factors and the other information contained in this Prospectus before making an investment decision. The occurrence of any of the events described below could have a material adverse impact on the business, financial condition or results of operations of the Issuer, Elenia Networks or the other Obligors and could lead to, among other things:

- (a) an Event of Default; and/or
- (b) a Trigger Event.

This section of the Prospectus describes material risks that are known to the Issuer and the other Obligors as at the date of this Prospectus. This section of the Prospectus is not intended to be exhaustive and prospective Bondholders should read the detailed information set out elsewhere in this Prospectus prior to making any investment decision. The risks described below are not the only ones faced by the Obligors. Additional risks not presently known to the Obligors or which the Obligors currently believe to be immaterial may also adversely affect its business. In the event of any material adverse impact of one of or more of the risks described herein, the value of the Bonds could decline, and the Issuer may not be able to pay all or part of the interest or principal on the Bonds and investors may lose all or part of their investment. Investors should consider carefully whether an investment in the Bonds is suitable for them in light of the information in this Prospectus and their personal circumstances.

The risks described in this "Risk Factors" section have been grouped as follows:

- (a) risks that arise out of the business of Elenia Group;
- (b) risks that are reflective of the regulatory environment within which Elenia Group operates; and
- (c) financial, tax or legally-related risks, including those that arise as a consequence of the terms and structure of the Finance Documents.

In addition, whilst the various structural elements described in this Prospectus are intended to lessen some of the risks discussed below for the Bondholders, there can be no assurance that these measures will ensure that the Bondholders of any Series or Tranche receive payment of interest or repayment of principal from the Issuer on a timely basis or at all.

### **BUSINESS AND REGULATORY RISKS IN RELATION TO THE ELENIA GROUP**

#### **Negative Impact on the Elenia Group's Revenues, Costs and/or Cash Flow**

Where any of the risks described in this section of the Prospectus occur, there may be a negative impact on the Elenia Group's revenues, costs and/or cash flow and the Elenia Group will be required to meet such additional costs and/or such shortfall from internal sources, or consider other ways in which those costs and/or such shortfall can be met where internal funds are not available. Where the revenues or cash flow of the Elenia Group are not as expected or where the Elenia Group is unable to meet such additional costs and/or such shortfall from either internal sources or alternative means, the Elenia Group may be unable to meet its liabilities, which may impact the ability of the Issuer to meet its payment obligations under the Bonds.

## **Risks Relating to the Regulation of Elenia Networks**

### *Change in Regulation or Regulatory Approach of the Energy Authority (the EA)*

Since 1998, transmission and distribution of electricity have been independently regulated by the EA under a regulatory framework set up under the Electricity Market Act 1995 and subsequently under the Electricity Market Act 2013 (the **EM Act 2013**). Elenia Networks strives to deliver a business plan and network enhancement programme to ensure compliance with the regulatory targets set by the EA.

Whilst the reasonable rate of return methodology for the current fourth regulatory period (2016-2019) and the following fifth regulatory period (2020-2023), including the EM Act 2013, continue to create a supportive regulatory environment for Elenia Networks, there can be no assurance that the regulatory backdrop or the EA itself will continue to take a supportive approach in the future. Following the distribution price increases announced by certain Finnish DSOs, the EA issued a memorandum on 3 February 2016 (at the request of the Finnish Ministry of Employment and the Economy) proposing that the Ministry consider legislative steps to (i) define a limit on one-off increases in the electricity distribution tariff and minimum intervals between such increases and (ii) ensure that a sufficient share of the income deriving from the electricity distribution tariffs is directed to investments and other development of the distribution network. The Ministry has confirmed that the memorandum serves as the basis for the Government's further assessment of the potential legislative changes and indicated that it anticipates that such potential changes could enter into force by the beginning of 2017. A change in regulation could have an adverse effect on Elenia Networks' ability to generate a return on its assets or on the costs of complying with such regulation and therefore could have an adverse impact on its financial position generally, which may impact the ability of the Issuer to meet its payment obligations under the Bonds.

### *Untested Nature of the EM Act 2013*

The EM Act 2013 came into force on 1 September 2013. As a relatively new piece of legislation, it has not been tested before the courts and the regulations which the EA could make thereunder or interpretations thereof are not yet clear. The interpretation of, and possible unpredictable compliance requirements relating to, the EM Act 2013 could have an adverse effect on Elenia Networks' operations and financial position, which may impact the ability of the Issuer to meet its payment obligations under the Bonds.

### *Risk of Regulatory Enforcement*

While Elenia Networks has in place various policies to ensure compliance with its requirements under the EM Act 2013, its licence and other aspects of law and regulation, there can be no assurances that Elenia Networks will always maintain such compliance. Should Elenia Networks be found by the EA to be in breach of such requirements, the EA or other relevant authorities may impose penalties on Elenia Networks. Such penalties may have an adverse effect on Elenia Networks' operations and financial position which may impact the ability of the Issuer to meet its payment obligations under the Bonds.

### *Dependence on the Regulatory WACC*

Under Elenia Networks' licence, the reasonable rate of return (**Regulatory WACC**) is determined by the reasonable return methodology. As at the date of this Prospectus, a key component of the Regulatory WACC is the higher of (i) the average daily value of the yield to maturity of the ten-year Finnish government euro-denominated bond for the months of April to September in the previous year; and (ii) the average daily value of the yield to maturity of the ten-year Finnish government euro-denominated bond for the previous ten years. A decrease in the yield on the 10 year Finnish government bond, or change to other components of the regulatory rate of return, could have an adverse effect on Elenia Networks' ability to generate return on its assets and therefore could have an adverse impact on its and

the Elenia Group's financial performance, which may impact the ability of the Issuer to meet its payment obligations under the Bonds.

#### *Potential Changes in Reasonable Rate of Return Methodology*

Potential changes in the reasonable rate of return methodology could result in changes to the business plan and have a negative impact on Elenia Networks' financial performance, which may impact the ability of the Issuer to meet its payment obligations under the Bonds. The current methodology was confirmed by the EA in November 2015. For the first time, it is applied for two consecutive regulatory periods, i.e. both for the current fourth (2016-2019) and the following fifth (2020-2023) regulatory periods. In certain limited circumstances, the EA is allowed to make changes to the confirmed methodology, whereas a new methodology will be prepared for the following regulatory periods (with no certainty on the contents). See further "Selected Aspects of Finnish Regulation Overview – Reasonable Return Methodology for Electricity Distribution Services" and "Selected Aspects of Finnish Regulation Overview – Regulatory Period Guidelines for Fourth and Fifth Regulatory Period" below.

#### *Consolidation of the Electricity Distribution Sector*

The composition of the Finnish electricity distribution sector is currently fragmented, but fairly stable. There can be no assurance that the sector will not materially change in the future, including with the consolidation of DSOs into fewer and larger entities. Any such changes may result in tighter regulation by the EA, and may result in such companies actively competing with Elenia Networks. These events may have a negative effect on the financial performance of Elenia Networks which may impact the ability of the Issuer to meet its payment obligations under the Bonds.

#### *Regulatory Unit Prices*

The regulatory unit prices used in the calculation of Elenia Networks' RAV may be materially impacted by future unit price surveys. If future unit price surveys result in lower than expected regulatory unit prices, Elenia Networks' financial performance may be negatively impacted, which may impact the ability of the Issuer to meet its payment obligations under the Bonds.

#### *Outages Could Adversely Affect Financial Position*

Elenia Networks has the primary objective of providing a reliable and secure electricity distribution network. Historically, there have been interruptions to network services, such as outages resulting from thunderstorms in summer 2010, major storms in 2011, 2013 and 2015, and snow loads in 2011, 2012 and 2015. Elenia Networks is pursuing a long-term investment programme in underground cabling, with the aim of mitigating the impact of adverse weather conditions on the network infrastructure and thus decreasing the number of faults in the network and the resulting outages.

Nevertheless, adverse weather conditions or the failure of a key asset, such as Elenia Networks' IT system that monitors the performance of its distribution network and reports faults, could cause a significant interruption to services (in terms of outage duration or the number of consumers affected), which may have an adverse effect on Elenia Networks' operating costs or financial position, as well as having an effect on the regulatory outage costs of such interruptions to Elenia Networks. Such adverse effects may impact the ability of the Issuer to meet its payment obligations under the Bonds.

#### *Operational and Capital Cost Risks*

Elenia Networks' profitability is linked to its ability to meet or outperform operating and/or construction costs targets, as well as to its operational effectiveness compared to regulatory targets. Elenia Networks' performance depends in part on the efficiency of its operational and investment cost management. Whilst Elenia Networks is pursuing an efficient long-term network investment programme, changes in

material prices or availability of contractor resources may introduce unexpected costs into Elenia Networks' investment programme, which in turn may impact the ability of Elenia Networks to implement efficiency improvements. Elenia Networks has put in place a partnership policy with certain external service providers with the aim of maximising quality of service whilst reducing costs to Elenia Networks. However, if efficiency targets are not achieved, the profitability of Elenia Networks could be impacted, which may impact the ability of the Issuer to meet its payment obligations under the Bonds.

#### *Ageing of the Network and Assets*

Due to the history of operation of the Elenia Group, certain parts and/or components in operation are old and, in case of breakdown, these may be difficult to repair or replace. Any machinery breakdown may cost more than anticipated, which may negatively impact the Elenia Group which may impact the ability of the Issuer to meet its payment obligations under the Bonds.

### **Risks Relating to the Regulation of Elenia Heat**

Elenia Heat currently operates in an unregulated market, but is subject to the general provisions of the Competition Act. The Finnish Competition and Consumer Agency has at times conducted investigations to assess whether the prices of the district heating operators could be considered unreasonable within the meaning of the Competition Act. There is a risk that sector-specific regulation could be implemented in Finland in the future which may have an impact on Elenia Heat's financial performance, and impact the ability of the Issuer to meet its payment obligations under the Bonds.

### **Operational and Management Risks in Relation to Elenia Heat**

#### *Competing Technologies*

As technological advancements yield alternative heating solutions, customers may choose to use such alternatives instead of district heating. A switch in heating solutions away from district heating may negatively impact the financial performance of Elenia Heat, which may impact the ability of the Issuer to meet its payment obligations under the Bonds.

#### *Costs to Elenia Heat in Sourcing Fuel and Heat*

While Elenia Heat generates the majority of the heat distributed by it through the network, it also sources the remainder from outside the Elenia Group. Additionally, Elenia Heat utilises fuel from a variety of sources in order to produce heat and electricity. Increases in costs could have an adverse effect on the competitiveness of district heating and Elenia Heat may not, in all circumstances, be able to pass through any or all of such additional costs to customers. Increases in such costs may negatively impact the financial performance of Elenia Heat, which may impact the ability of the Issuer to meet its payment obligations under the Bonds.

#### *Efficiency of the Business and Regulatory Costs*

Due to an increasing awareness and focus on preserving and maintaining the environment, there is an increasing number of stricter energy efficiency requirements being introduced in Finland, which are applicable to Elenia Heat (see further, for instance, “*Selected Aspects of Finnish Regulation Overview – Recent Regulatory Developments – Implementation of the Directive on Energy Efficiency*”). Elenia Heat may suffer unexpected and increased costs in order to comply with such requirements. The occurrence of any of these circumstances may have a negative impact on Elenia Heat's financial performance, which may impact the ability of the Issuer to meet its payment obligations under the Bonds.



## **Climatic Conditions may impact the Business of Elenia Networks and Elenia Heat**

While each of Elenia Networks and Elenia Heat make contingency plans and pre-emptive investments, the revenues and financial performance of Elenia Networks and Elenia Heat may be impacted by adverse weather conditions. Such adverse conditions may take the form of, but are not limited to, abnormally warm winters (which require less heating) or severe wind or snow storms that result in a network outage. Any such occurrence may have a negative impact on the financial performance of Elenia Networks and/or Elenia Heat, as the case may be, which may impact the ability of the Issuer to meet its payment obligations under the Bonds.

## **Consumption Patterns Could Adversely Affect the Revenues of Elenia Heat**

A core component of the revenue stream of Elenia Heat is the volume of heating consumed by end-users. If such volumes were to decrease materially due to events outside Elenia Heat's control such as technological advancements or development of alternative heating sources, the revenue of Elenia Heat may be negatively impacted, which may impact the ability of the Issuer to meet its payment obligations under the Bonds.

## **Environmental and Health and Safety Risks**

### *Environmental Risks*

Various environmental protection laws and regulations govern the business of the Elenia Group. These laws and regulations establish, among other things, standards for control of greenhouse emissions and materials and energy efficiency, which affect Elenia Group operations. In addition, the Elenia Group is required to obtain various environmental permits from regulatory bodies for its operations. The Elenia Group endeavours to comply with all regulatory standards. However, whilst there has been no compliance failure that has had a material adverse consequence historically, there can be no assurance that all members of the Elenia Group will be in total compliance at all times with applicable laws and regulations. Should the Elenia Group fail to comply with these laws and regulations, it could incur costs in bringing the business into compliance or face fines imposed by the courts or otherwise face regulatory sanctions.

Environmental laws and regulations are complex and change frequently. These laws, and their enforcement, have tended to become more stringent over time. Although the Elenia Group believes it has taken into account the future capital and operating expenditure necessary to achieve and maintain compliance with current and known future changes in laws and regulations, it is possible that new or stricter standards could be imposed, or current interpretation of existing legislation amended, which may increase the Elenia Group's operating costs by requiring changes or modifications to the assets in order to comply with any new environmental laws and regulations. Although these costs may be recoverable in part or in full through the regulatory process, there can be no assurance of this. Therefore, there can be no assurance that the costs of complying with, or discharging its liabilities under, the current and future environmental and health and safety laws will not adversely affect the Elenia Group's costs or financial position, which may impact the ability of the Issuer to meet its payment obligations under the Bonds.

Risk of contamination of the environment is most relevant in respect of groundwater contamination. Contamination may be caused by oil leaks in Elenia Networks' substations or at Elenia Heat's plants although all new transformers installed by or on behalf of Elenia Networks are equipped with an oil contamination system. Although creosote poles (a cause of such oil leaks) are no longer installed and Elenia Networks' existing overhead network contains a limited number of creosote poles, the areas where such poles have been stored could be contaminated. The costs to Elenia Networks to clean up any such contamination or address any fines it receives under the relevant environmental legislation may impact Elenia Networks' financial position which may impact the ability of the Issuer to meet its payment obligations under the Bonds.

## *Health and Safety Risks*

The nature of the business of the Elenia Group involves interaction by its employees, or the employees of its partners (under its Partnership Policy), with dangerous machinery and equipment. While the Elenia Group actively maintains health and safety policies to minimise such risks and ensure compliance with applicable law or regulation (which it re-assesses on a regular basis), employees may be injured at work. Customers or third parties may also be involved in an accident relating to the electrical network of Elenia Networks. The cost to the Elenia Group for any such injuries to such employees, customers or third parties may negatively impact the Elenia Group, which may impact the ability of the Issuer to meet its payment obligations under the Bonds. The insurance programme maintained by the Elenia Group may only cover certain of these risks (see further "*Risks Relating to Insuring the Business*" below).

## **Reliance on IT Systems**

The business of the Elenia Group is dependent on various IT systems. Both Elenia Networks and Elenia Heat utilise IT systems which, for example, remotely control the electricity network and the heating network and provide accurate invoicing to customers (see further "*Business of Elenia* –

*Key Strengths – Innovation and Security of Supply*" below). Possible cyber-attacks or IT system failures could temporarily threaten the continuity of business operations. Such business interruptions or the cost to the Elenia Group to repair any software malfunctions may adversely impact the financial performance of the Elenia Group which may impact the ability of the Issuer to meet its payment obligations under the Bonds.

## **Risks Relating to Insuring the Business**

The Elenia Group has developed an insurance programme together with an insurance broker. The insurance programme is renewed on a yearly basis and insurance terms may be subject to change. Insurance compensations may be calculated based on the current value of the assets instead of replacement value. While the Elenia Group maintains its insurance programme (see further "*Business of Elenia - Further details on the Elenia Group – Insurance*" below), there can be no assurance that all eventualities will be covered by such insurance policies. Any such costs not covered would be borne by the Elenia Group, which may impact the financial performance of the Elenia Group, which may impact the ability of the Issuer to meet its payment obligations under the Bonds.

## **Personnel of the Elenia Group and Performance by its Partners under the Partnership Policy**

As with other companies, the effective management and operation of the Elenia Group is reliant upon the quality of performance by its personnel and the employees of its partners (under the Partnership Policy). While this allows the Elenia Group to actively maintain an efficient management of its business, the performance of the Elenia Group may be negatively impacted by the quality of performance of key personnel or partners, industrial action and/or collective bargaining by the employees, which may impact the ability of the Issuer to meet its payment obligations under the Bonds.

## **FINANCING RISKS**

### **Market and Financing Risks**

The Security Group will need to raise further debt from time to time in order, among other things:

- (a) to finance or refinance future capital expenditure;
- (b) to enable it to refinance any debt, including any debt under the Term Facility on or before its Final Maturity Date; and

(c) for general corporate purposes.

Therefore, the Security Group is exposed to market risks resulting from mismatches between the Security Group's capital requirements and its access to capital in the future. The Security Group's cost of funding may be influenced by, among other things, its own operating performance and general economic conditions. If financial markets deteriorate there could be an adverse effect on the Security Group's ability to refinance its existing debt as and when required.

Moreover, the Security Group is exposed to market risks resulting from timing mismatches between the Security Group's capital requirements and the revenue generated by its business. The Security Group's future capital requirements and level of costs will depend on numerous factors, including, among other things, capital expenditure caused by compliance with new safety requirements, continued demand for electricity and heat distribution, the amount of cash generated from its operations and general industry and economic conditions. The inability to cover long-term funding costs through revenue streams could have a material adverse effect on the Security Group's business, financial condition, results of operations or prospects, which may impact the ability of the Issuer to meet its payment obligations under the Bonds.

### **Hedging Risks**

The Security Group has a Hedging Policy in place to mitigate the risks arising from mismatches in cash flows received and payable from time to time. For more details on the Hedging Policy see "*Summary of the Finance Documents – Common Terms Agreement – Hedging Policy*" below.

In order to address interest rate risks, inflation rate risks and/or currency risks, the Security Group and the Issuer will operate a hedging programme in accordance with the Hedging Policy and may enter into Treasury Transactions (for non-speculative purposes only, and such counterparty will not accede to the STID), which are not subject to the Hedging Policy, in the ordinary course of business. However, there can be no assurance that the Hedging Agreements will adequately address the hedging risks that Elenia Networks and/or the Issuer will face from time to time. In addition, Elenia Networks and/or the Issuer could find itself over-/under-hedged which could lead to financial stress. Elenia Networks and the Issuer are subject to the creditworthiness of, and, in certain circumstances, early termination of the Hedging Agreements by, Hedge Counterparties or the counterparties to any Treasury Transaction (see "*Summary of the Common Documents – Common Terms Agreement – Hedging Policy*" below). Such circumstances may impact the ability of the Issuer to meet its payment obligations under the Bonds.

### **Certain Secured Creditors Will Rank Ahead of the Bondholders in Respect of the Security**

In the event that a Standstill Period occurs or the Security is enforced, the proceeds of such enforcement may be insufficient, after payment of amounts ranking in priority to the Bonds, to pay, in full, all amounts of principal, interest and premium (if any) due in respect of the Bonds.

Although the Security Trustee holds the benefit of the Security on trust for, *inter alios*, the Bondholders, such security interests will also be held on trust for other Secured Creditors that will rank ahead of the Bondholders. Certain of the obligations owed by the Obligor, including the Issuer's obligations, to, *inter alios*, the Hedge Counterparties (including in respect of certain swap termination amounts), Bond Trustee (in its individual capacity), the Security Trustee (in its individual capacity), the Paying Agents, the Liquidity Facility Provider(s) under the Liquidity Facility and the Account Bank in respect of certain amounts owed to them, will rank ahead of amounts owed by the Obligors to the Bondholders (see "*Cash flows*" below). These amounts may be uncapped. To the extent that significant amounts are owing to any such persons and there is insufficient cash to pay all such amounts then due, the amounts available to the Bondholders may be reduced which may impact the ability of the Issuer to meet its payment obligations under the Bonds.

## **Monitoring of Compliance with Warranties and Covenants and the Occurrence of Trigger Events, Events of Default or Potential Events of Default**

The STID provides that the Security Trustee is entitled to assume, unless it is otherwise disclosed in any Compliance Certificate or the Security Trustee is expressly informed otherwise, that no Trigger Event, Event of Default or Potential Event of Default has occurred.

Furthermore, as Elenia Holdings and Elenia Finance (SPPS) are special purpose companies, they will not, nor do they possess the resources to, themselves, actively monitor whether a Trigger Event, Event of Default or a Potential Event of Default has occurred, including, for this purpose, the continued accuracy of the representations and warranties made by the Obligors as a whole and compliance by the Obligors as a whole with their covenants and undertakings.

Accordingly, it will fall to the Issuer, Elenia Networks, Elenia Heat or Elenia Services (as the case may be), to make these determinations. In this context, a number of these representations, warranties, covenants, undertakings and Events of Default and Potential Events of Default will be qualified by reference to a relevant fact, matter or circumstance having a Material Adverse Effect. Whilst the criteria set out in the definition of Material Adverse Effect are, on their face, objective, it will fall to Elenia Networks itself to determine whether or not the relevant fact, matter or circumstance falls within any of the criteria and, as such, the determination will be subjective for so long as such determination is made by any of the Obligors.

However, the CTA requires the Obligors to inform the Security Trustee of the occurrence of any Trigger Event, Event of Default and Potential Event of Default promptly upon becoming aware of the same. In addition, the Obligors are required to confirm in each Investor Report and each Compliance Certificate, each of which will be delivered to, among other recipients, the Issuer and the Security Trustee, whether or not any Trigger Event, Event of Default or Potential Event of Default has occurred (and, if one has, what action is being, or proposed to be, taken to remedy it). Failure by the Obligors to promptly identify a Trigger Event or Event of Default may impact the ability of the Issuer to meet its payment obligations under the Bonds.

## **Financial Indebtedness**

Under the Common Documents, the Obligors are permitted to incur further financial indebtedness subject to certain tests being met (as set out in the CTA). Such financial indebtedness may be on any economic terms and, in particular, may mature prior to the maturity date of the Bonds. The Obligors are permitted to repay financial indebtedness from time to time, which may result in certain creditors (including those in respect of a particular Series of Bonds) being paid earlier in time than the Bondholders of another Series of Bonds, including by way of defeasance. Any such repayments are subject to the terms of the STID and the other Common Documents.

## **Modifications, Waivers and Consents in Respect of the Common Documents, the Finance Documents and the Issuer Transaction Documents**

The Obligors may request the Security Trustee to agree to any modification to, or to give its consent to any event, matter or thing relating to, or grant any waiver in respect of, the Common Documents without any requirement to seek the approval of the Secured Creditors (including the Bondholders), in respect of a Discretion Matter.

The Security Trustee is entitled to exercise its sole discretion to approve a Discretion Matter if in the opinion of the Security Trustee, approval of the STID Proposal: (a) is required to correct a manifest error or is of a formal, minor, administrative or technical nature; or (b) is not materially prejudicial to the interests of the Qualifying Secured Creditors (where **materially prejudicial** means that such modification, consent or waiver could have a material adverse effect on the ability of the Obligors to pay

any amounts of principal or interest in respect of the Qualifying Secured Debt owed to the relevant Qualifying Secured Creditors on the relevant due date for payment therefor). The Security Trustee is not obliged to exercise its discretion and if it chooses not to do so the voting category selection procedures set out in the STID and described in the section "*Summary of the Common Documents – Security Trust and Intercreditor Deed*" below will apply.

The Issuer may also request the Bond Trustee to agree to any modification to, or to give its consent to any event, matter or thing, or grant any waiver in respect of, the Issuer Transaction Documents (subject as provided in the STID in relation to any Common Documents) without the consent or sanction of the Bondholders or (subject as provided below) any other Secured Creditor party to such Issuer Transaction Documents.

The Bond Trustee may without the consent or sanction of Bondholders, the Receiptholders and the Couponholders, concur with, or instruct the Security Trustee to concur with the Issuer or any other relevant parties in making: (a) any modification to the Conditions or the Issuer Transaction Documents (subject as provided in the STID in relation to any Common Documents) or other document to which it is a party or in respect of which the Security Trustee holds security if in the opinion of the Bond Trustee such modification is made to correct a manifest error, is of a formal, minor, administrative or technical nature; or (b) any modification (other than in respect of a Basic Terms Modification) to the Conditions or any Issuer Transaction Document (subject as provided in the STID in relation to any Common Documents) or other document to which it is a party or in respect of which the Security Trustee holds security if the Bond Trustee is of the opinion that such modification is not materially prejudicial (where **materially prejudicial** means that such modification, consent or waiver could have a material adverse effect on the ability of the Issuer to pay any amounts of principal or interest in respect of the Bonds on the relevant due date for payment therefor) to the interests of the Bondholders, the Receiptholders and/or the Couponholders.

The Bond Trustee may, without prejudice to its rights in respect of any subsequent breach or Event of Default, from time to time and at any time but only if, and in so far as, in its opinion the interests of the Bondholders shall not be materially prejudiced (where **materially prejudiced** means that such waiver could have a material adverse effect on the ability of the Issuer to pay any amounts of principal or interest in respect of the Bonds on the relevant due date for payment therefor) thereby, waive or authorise (or instruct the Security Trustee to waive or authorise) any breach or proposed breach by the Issuer of any of the covenants or provisions contained in the Conditions or any Issuer Transaction Document (subject, as provided in the STID, in relation to any Common Documents) to which it is a party or in respect of which it holds security, or determine that any event which would otherwise constitute an Event of Default shall not be treated as such for the purposes of the Bond Trust Deed.

Pursuant to the STID, the Bond Trustee is authorised to execute and deliver on behalf of the Bondholders, Receiptholders and/or Couponholders all documentation required to implement such modification and such execution and delivery by the Bond Trustee will bind each of the Bondholders, Receiptholders and/or Couponholders as if such documentation had been duly executed by them.

There can be no assurance that any modification, consent or waiver in respect of the Common Documents or Issuer Transaction Documents will be favourable to all Bondholders. Such changes may be detrimental to the interests of some or all Bondholders, despite the ratings of such Bonds being affirmed.

The conditions of the Bonds contain provisions for voting by Bondholders to vote on matters affecting their interests generally (other than matters which concern the enforcement of the Security or modifications to the STID, which matters may only be addressed in accordance with the procedures set out in the STID as described above). These provisions permit defined majorities to bind all Bondholders including Bondholders who do not vote on the relevant matter and Bondholders who voted in a manner contrary to the majority.

## **Voting by the Bondholders in Respect of an STID Proposal**

Unless approval by Electronic Consent is available, Bondholders exercise their right to vote by "blocking" their Bonds in the clearing system and delivering irrevocable instructions to the Registrar or the Principal Paying Agent that the votes in respect of their Bonds are to be cast in a particular way. In respect of modifications, consents and waivers to the Common Documents, the Bond Trustee (as the Secured Creditor Representative of the Bondholders) is required to notify the Security Trustee of each vote received by the Registrar or the Principal Paying Agent no later than the Business Day on which any vote is received. The STID provides that as soon as the Security Trustee has received sufficient votes from the Secured Creditors (including the Bond Trustee as Secured Creditor Representative of the Bondholders) in favour of a consent, modification or waiver of a Common Document, the Decision Period will be closed and no further votes will be taken into account by the Security Trustee.

Accordingly, unless a Bondholder exercises its right to vote at the beginning of a Decision Period, it is possible that a consent, modification or waiver of a Common Document may be approved by the Secured Creditors before such Bondholder has participated in any vote and that, as a result, any consent, modification or waiver of a Common Document duly approved by the Secured Creditors shall be binding on all of the Bondholders, Receiptholders and Couponholders.

## **Liquidity Facility**

The Liquidity Facility will be available to Elenia Networks, Elenia Heat and the Issuer to provide liquidity support in respect of payments of interest, scheduled principal and fee amounts payable in respect of the Initial Authorised Credit Facilities, the Bonds, the Hedging Agreements and certain other payments due to the Secured Creditors. However, there can be no assurance that funds available under the Liquidity Facility will be sufficient to cover any such shortfall. This may lead to an early termination of one or more Hedging Agreements or a default under any other facilities supported by the Liquidity Facility and, subsequently, a default under the CTA. Any such default could adversely affect the ability of the Obligor and the Issuer to make payments due to the Secured Creditors which may impact the ability of the Issuer to meet its payment obligations under the Bonds.

## **Capital Structure**

Because of the secured nature of its borrowings and the structure that applies to them, the Security Group has been able to raise more debt than would typically be the case for an unsecured borrower. The Security Group has and, following the issue date, will continue to have a substantial amount of outstanding indebtedness with significant debt service requirements. In addition, the Security Group retains the ability to incur additional indebtedness in the future to finance its capital investment programmes. This significant leverage could have important consequences for Bondholders, including:

- making it more difficult for the Security Group to make sufficient funding available to the Issuer to meet its obligations in respect of the Bonds;
- requiring the Security Group to dedicate a substantial portion of its cash flow from operations to payments on its debt obligations, thus reducing the availability of its cash flow to fund growth and for other general corporate purposes; and
- increasing the Security Group's vulnerability to a downturn in its business, economic or industry conditions.

As the Issuer is reliant upon the financial performance of the Security Group, such significant leverage could negatively impact the ability of the Issuer to meet its obligations in respect of the Bonds.

## **OTHER RISKS**

### **Some Members of the Security Group are Special Purpose Companies**

Some of the Obligors are special purpose companies incorporated for the purpose of acting as holding companies within the Obligor Group. Accordingly, while they have granted security over the whole of their business (other than the SPPS), their only assets will be the value of the shares they hold and any dividends earned as a holding company. Accordingly, there is no guarantee that a purchaser for such shares or the purchase price paid for such shares will be sufficient to meet the liabilities owed by the Obligors under the Secured Debt, including by the Issuer in respect of the Bonds.

### **The Issuer is a Special Purpose Vehicle Dependent upon the Financial Performance of the Obligor Group**

The Issuer is a special purpose vehicle incorporated for the purposes of: (a) facilitating the financing and other matters contemplated by the Finance Documents; and (b) providing: (i) the services under the Cash Management Agreement to Elenia Networks; and (ii) other services to other Obligors on a normal commercial basis, as agreed from time to time between such Obligor(s) and the Issuer. Accordingly, it is primarily dependent upon the performance of the Obligor Group paying dividends, making other company contributions or borrowing under the Intercompany Loan Agreement (as an ultimate fallback measure) to the Issuer in order for it to make payments in respect of the Bonds. While the Issuer will have access to the Intercompany Loan Agreements made available to it by Elenia Networks and Elenia Heat, it is only intended that the Issuer will draw under such Intercompany Loan Agreement should other cash flows proposed to be made available to the Issuer as part of its general corporate funding (by it being a member of the Obligor Group) not be made available as intended. Similarly, in such circumstance, the Issuer is dependent upon Elenia Networks or Elenia Heat having or having access to sufficient funds to make such a loan. Failure to do so will negatively impact the ability of the Issuer to meet its payment obligations under the Bonds.

### **Bondholders are not only Investing in the Issuer, but in the Obligor Group**

By investing in the Bonds, the Bondholders are making an investment not only in the Issuer, but also in the rest of the Obligor Group. Accordingly, various triggers (such as Trigger Events and Events of Default) are set equally across the Obligor Group. Accordingly, a Trigger Event or an Event of Default may be triggered by another member of the Obligor Group and not by the Issuer. Such an event may cause an Event of Default earlier than expected, which may reduce the returns Bondholders expect to receive in respect of their Bonds as compared to the returns they would earn on such Bonds if the Bonds were held to their Final Maturity Date.

### **Limited Market for Sale of Shares held by the Parent in Elenia Holdings or by Elenia Holdings in Elenia Networks upon an Enforcement of the Respective Share Pledges**

Due to the specific and regulated nature of the Security Group, upon the enforcement of the relevant share pledges and a decision by the Secured Creditors to sell such shares, there can be no assurance that there will be a market for such shares or if there is one that it will provide the Secured Creditors including the Bondholders with liquidity or that any such liquidity will continue for the life of the Bonds. Consequently, any purchaser of the Bonds must be prepared to hold such Bonds for an indefinite period of time or until final redemption on maturity of the Bonds.

### **It May be Difficult to Realise the Full Value of the Security Securing the Bonds**

The Security will be subject to certain limitations permitted under the Finance Documents. Such limitations could adversely affect the value of the Security securing the Bonds as well as the ability of the Security Trustee to enforce that Security. In addition, the security interests of the Security Trustee (in

particular the Security governed by Finnish law securing the assets of Elenia Networks and Elenia Heat) may be subject to practical problems generally associated with the realisation of security interests in the Security. For example, the Security Trustee may need to obtain the consent of a court to enforce the Security or certain fixed assets may need to be returned to the Elenia Group if this is necessary for the continuance of its operations. There can be no assurance that the Security Trustee will be able to obtain any such consent.

The business of the Elenia Group is subject to regulations and licence requirements and may be adversely affected if the Elenia Group is unable to comply with existing regulations or requirements or if changes in applicable regulations or requirements occur. In the event of foreclosure, the network distribution licence of Elenia Networks could be revoked or the transfer of the licence could be prohibited. There can be no assurance that the applicable governmental authorities will consent to the transfer of the Elenia Networks' licence (should such consent be required). If the regulatory approvals required for such transfers are not obtained, are delayed or are economically prevented, the foreclosure may be delayed, a temporary or lasting shutdown of operations may result and the value of the Security may be significantly decreased.

### **Certain Security May be Unenforceable**

While as a general rule security granted at the time when a debt is incurred is not subject to a recovery risk, pursuant to applicable law, a transaction can, subject to certain pre-requisites, be revoked if the transaction were concluded within a certain period of time (the length of which varies depending on the type of transaction and the parties thereto) before the application for bankruptcy, reorganisation or execution was filed with the competent court. Mandatory insolvency laws may, therefore, under specific circumstances require that the Security be recovered to the assets or bankruptcy estate, as applicable, of the Issuer or the other Obligor, as the case may be, or otherwise held to be unenforceable. In such case there can be no assurance that any remaining security is sufficient to cover the Issuer's or other Obligor's obligations in full or in part.

### **The Pledge of the Bank Accounts and Receivables May be Ineffective**

The Security includes pledges over the Obligor's bank accounts and certain receivables. The Obligor is entitled to use the funds on the pledged bank accounts and payments of principal under the pledged receivables may be made to the pledgor until an Enforcement Period begins. Where a pledgor is entitled to use the funds on the pledged bank account, and where principal in respect of a pledged receivable may be paid to the pledgor, it is not entirely clear under Finnish law whether a pledge over such bank account and receivables would be considered duly perfected. If the pledge over the bank accounts and receivables is not considered duly perfected there is a risk that the Bondholders will not have priority to the funds standing to the credit of such bank accounts and receivables, as applicable, at the time of enforcement of security. Further, the Finnish legal status is unclear with respect to the validity of a pledge over identifiable but yet unearned receivables (e.g. any future rights and/or interest accruing from pledged shares and other pledged assets).

### **Insolvency Laws and Other Limitations May Adversely affect the Validity of the Guarantees and Security**

The initiation of insolvency proceedings, including bankruptcy and reorganisation proceedings, may result in the assets of the insolvent company being taken over by a court-appointed administrator in which case the right to dispose of the said assets could also be transferred to such an administrator and, in the case of reorganisation proceedings, result in a general prohibition on payment, collection and execution of debts and enforcement of security, which applies to all creditors. The initiation of such proceedings may, therefore, have a materially adverse effect on the ability of the Security Trustee or the Bondholders to initiate or to control any enforcement proceedings relating to such assets. If such insolvency proceedings are commenced, the ability to realise the Security might be prohibited, delayed



and/or the value of the Security impaired. The realisation process may also take more time than expected, and the holders of the Bonds may not receive the invested principal and the accrued interest when due under the terms and conditions of the Bonds. In addition, enforcement of each Guarantee and the relevant Security may, where applicable, be limited to the extent of the amount which can be guaranteed or secured by a particular Guarantor or security provider without rendering the Guarantee or Security voidable or otherwise ineffective under applicable law.

Specifically, certain Guarantees and security provided as part of the overall package securing the Bonds are limited as required by an application of law (including, *inter alia*, the provisions of Dutch, Luxembourg and Finnish law regulating financial assistance and corporate benefit). The liability of each such Guarantor/security provider in respect of such obligations will only apply to the extent permitted by the relevant law.

Further, under the Finnish Act on Payment Order of Creditors, in the relevant pledgor's bankruptcy, claims secured by business mortgage enjoy priority only up to 50 per cent. of the enforcement proceeds of the assets covered by such business mortgage (and never exceeding the aggregate principal amount of the relevant business mortgage notes).

### **Change of Law**

The transactions described in this Prospectus (including the issue of the Bonds) and the ratings that are assigned to the Bonds are based on the relevant law and administrative practice in effect as at the date hereof, and having regard to the expected tax treatment of all relevant entities under such law and practice. It is possible that, whether as a result of case law or through statute, changes in law or regulation, or their interpretation or application, may result in either the Issuer's or the Security Group's debt financing arrangements as originally structured no longer having the effect anticipated or having a material adverse effect on the Issuer's or the Security Group's business, financial condition and results of operation and/or adversely affecting the rights, priorities of payments and/or treatment of holdings in the Bonds of the Bondholders.

### **Challenges by Secured Creditors**

The financing transactions described in this Prospectus have been structured based on English, Dutch, Luxembourg and Finnish law and practice as in effect on the date of this Prospectus. It is possible that a secured creditor which is subject to laws other than the laws of England and Wales, The Netherlands, Luxembourg or Finland may seek to challenge the validity and/or enforceability of one or more features of the financing structure under the local laws of such creditor's jurisdiction. Potential investors should be aware that the outcome of any such challenge may depend on a number of factors, including but not limited to, the application of the laws of a jurisdiction other than England and Wales, The Netherlands, Luxembourg or Finland. There can be no assurance that any challenge would not adversely affect directly or indirectly the rights of the other secured creditors, including the Bondholders, the market value of the Bonds and/or the ability of the Issuer to make interest and principal payments on the Bonds.

### **Legal Investment Considerations May Restrict Investments in the Bonds**

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: (a) the Bonds are legal investments for it; (b) the Bonds can be used as collateral for various types of borrowing; and (c) other restrictions apply to its purchase or pledge of any of the Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

## **TAX RISKS**

### **Tax Deductibility of the Bonds and Subordinated Liabilities**

The Issuer and the Obligors are of the opinion (on the basis of tax advice received) that all payments of interest under the Bonds are deductible for Finnish tax purposes, save that there may be a proportionate non-deductibility of interest as a result of new Finnish thin capitalisation rules where receivables are the subject of security granted by the Obligors (not the Issuer) as security for the Issuer's obligations under the Bonds. The Issuer and the Obligors are also of the opinion (on the basis of tax advice received) that interest payable under certain subordinated liabilities is deductible. Some of these rules have only recently been introduced and there is only limited guidance and established practice available and there remains the risk that tax relief would not be available which may negatively impact the available cash flows of the Issuer and the Obligor to service the payment obligations under the Bonds.

### **Foreign Account Tax Compliance Act Withholding**

While the Bonds are in global form and held within Euroclear and Clearstream, Luxembourg (together, the **ICSDs**), in all but the most remote circumstances, it is not expected that the new reporting regime and potential withholding tax imposed by Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) will affect the amount of any payment received by the ICSDs (see "*Tax Considerations – Foreign Account Tax Compliance Act*"). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding.

Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Bonds are discharged once it has made payment to, or to the order of, the common depositary or common safekeeper for the ICSDs (as bearer or registered holder of the Bonds), and the Issuer therefore has no responsibility for any amount thereafter transmitted through the ICSDs and custodians or intermediaries. Further, foreign financial institutions in a jurisdiction which has entered into an intergovernmental agreement with the United States (an **IGA**) are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments they make.

### **Change of Law or Regulation**

The Conditions of the Bonds are based on English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice or change in the regulatory regime applicable to the Issuer after the date of this Prospectus.

## **ISSUER AND BOND CONSIDERATIONS**

### **Reliance by the Issuer on the Performance of the Obligor Group**

The Issuer has been incorporated and organised by Elenia Networks as its subsidiary with the purposes of: (a) facilitating the financing and other matters contemplated by the Finance Documents; and (b)

providing: (i) the services under the Cash Management Agreement to Elenia Networks; and (ii) other services to other Obligor(s) on a normal commercial basis, as agreed from time to time between such Obligor(s) and the Issuer. The Issuer's operations are therefore limited. Other than the proceeds of the issuance of Bonds, the Issuer's principal source of funds will be pursuant to the Cash Management Agreement, direct financial contributions from Elenia Networks, the Liquidity Facilities and the Issuer Hedging Agreements and, but only as a backstop, borrowings by it under each of the Elenia Loan Agreement and Elenia Heat Loan Agreement.

Therefore, the Issuer is subject to all the risks relating to costs, revenues and/or cash flows to which Elenia Networks and/or Elenia Heat is subject. Such risks could limit funds available to Elenia Networks and/or Elenia Heat to satisfy in full and on a timely basis its obligations under the Initial Authorised Credit Facilities Agreement and/or the Elenia Loan Agreement and/or the Elenia Heat Loan Agreement, as the case may be.

### **Reliance by the Issuer and the Security Group on Third Parties and Hedge Counterparties**

The integrity of the structure and the ability of the Issuer to pay amounts due under the Bonds depend upon a number of third parties such as the Liquidity Facility Providers, the Account Bank and the Hedge Counterparties. In the event that one or more of those parties is downgraded by one or more of the Rating Agencies or if one or more of such third parties defaults on its obligations to make payments to the Issuer or Elenia Networks, this may have an adverse effect on the rating of the Bonds and/or the ability of the Issuer or the Obligor(s) to satisfy its payment obligations in full. If a Hedging Agreement is terminated, the Issuer and Elenia Networks may be exposed to fluctuations in interest rates and/or currencies that were previously hedged. Upon any such termination, the Issuer or Elenia Networks, as applicable, may be obliged to make a termination payment to the relevant Hedge Counterparty. There can be no assurance that the Issuer or Elenia Networks, as applicable, will have sufficient funds available to make a termination payment under the relevant Hedging Agreement, nor can there be any assurance that the Issuer or Elenia Networks will be able to enter into a replacement hedging agreement, or if one is entered into, that the credit rating of the replacement Hedge Counterparty will be sufficiently high to prevent a downgrade of the then current ratings of the Bonds by the Rating Agencies.

### **Conflict of Interest**

The STID contains provisions requiring the Security Trustee to take action only in accordance with the directions of the relevant Qualifying Secured Creditors or Secured Creditors (but only in respect of their Entrenched Rights if they are Affected Secured Creditors). Accordingly the Security Trustee may be bound to take action as determined by Secured Creditors other than the Bondholders.

The Bond Trust Deed requires the Bond Trustee to have regard to the interests of all the Bondholders (so long as any of the Bonds remain outstanding) equally as regards all powers, trusts, authorities, duties and discretions of the Bond Trustee as if they formed a single class (except where expressly required otherwise).

For so long as any of the Bonds are outstanding, the Bond Trustee shall not be bound to take any steps, proceedings or other actions unless:

- (a) it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all liabilities, proceedings, claims and demands to which it may be or become liable and all costs, charges and expenses which may be incurred by it in connection therewith; and
- (b) it shall have been directed or requested to do so by Bondholders together holding or representing 25 per cent. or more of Qualifying Secured Debt.

The Bond Trustee may give its consent to any amendment to, or grant any waiver under or in respect of, any term of any Issuer Transaction Document to which it is a party or over which it has security or give its written consent to any event, matter or thing (without the consent of the Bondholders or any other person) if to do so would, among other things, not, in its opinion, be materially prejudicial to the interests of the Bondholders, or in certain circumstances, where a specified test or conditions have been met.

### **Limited Liquidity of the Bonds; Absence of Secondary Market for the Bonds**

There can be no assurance that a secondary market for the Bonds will develop or, if a secondary market does develop for any of the Bonds issued after the date of this Prospectus, that it will provide any holder of Bonds with liquidity or that any such liquidity will continue for the life of the Bonds. Consequently, any purchaser of the Bonds must be prepared to hold such Bonds for an indefinite period of time or until final redemption or maturity of the Bonds.

The liquidity and market value of the Bonds at any time are affected by, among other things, the market view of the credit risk of such Bonds and will generally fluctuate with interest rates, general economic conditions, the condition of certain financial markets, international political events and the performance and financial condition of the Security Group.

### **Rating Agency Assessments, Downgrades and Changes to Rating Agency Criteria May Result in Ratings Volatility in Respect of the Bonds**

The ratings to be assigned by the Rating Agencies to the Bonds reflect only the views of the particular Rating Agency and, in assigning the ratings, each Rating Agency takes into consideration the credit quality of the Obligor and structural features and other aspects of the transaction of which the Bonds form part. There is no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by the Rating Agencies as a result of changes in, or unavailability of, information in relation to the Obligor's underlying business and performance or if, in the Rating Agencies' judgment, other circumstances so warrant. If any rating assigned to the Bonds is lowered or withdrawn, the market value of the Bonds may be reduced. Future events, including events affecting the Obligor and/or circumstances relating to the industry in which the Obligor Group operates, could have an adverse impact on the ratings of the Bonds.

A confirmation from a Rating Agency that any action proposed to be taken by the Issuer will not have an adverse effect on the then current rating of the Bonds does not, for example, confirm that such action: (a) is permitted by the terms of the Finance Documents; or (b) is in the best interests of, or not prejudicial to, the Bondholders. While each of the Secured Creditors (including the Bondholders), the Security Trustee and the Bond Trustee (as applicable) are entitled to have regard to the fact that a Rating Agency has confirmed that the then current rating of the Bonds would not be adversely affected by such action, the above does not impose or extend any actual or contingent liability on that Rating Agency to the Secured Creditors (including the Bondholders and the Bond Trustee) or the Issuer or any other person or create any legal relationship between the Rating Agencies and the Secured Creditors (including the Bondholders and the Bond Trustee) or any other person whether by way of contract or otherwise.

Any such confirmation from a Rating Agency may or may not be given at the sole discretion of that Rating Agency. It should be noted that, depending on the timing of delivery of the request and any information required to be provided as part of any such request, it may be the case that a Rating Agency cannot provide a confirmation in the time available or at all. A confirmation from a Rating Agency, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time and in the context of cumulative changes to the transaction of which the Bonds form a part since the Establishment Date. A confirmation from a Rating Agency represents only a restatement of the then-current rating of the Bonds and cannot be construed as advice for the benefit of any parties to the transaction of which the Bonds form a part.

While Fitch will not initially rate the Bonds, should it rate the Bonds at a future date, it has indicated that it will no longer provide ratings confirmations as a matter of policy. To the extent that a confirmation from a Rating Agency cannot be obtained, whether or not a proposed action will ultimately take place will be determined in accordance with the provisions of the relevant Issuer Transaction Documents and specifically the relevant modification and waiver provisions.

A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by its assigning rating agency at any time.

### **Credit Ratings May not Reflect all Risks Relating to the Bonds**

One or more independent credit rating agencies may assign an unsolicited credit rating to the Bonds. These ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and below and other factors that may affect the value of the Bonds. Such a rating may be lower than the rating assigned to the Bonds by the Rating Agencies and may impact the market value of the Bonds.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (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), subject to the transitional provisions that apply in certain circumstances whilst the registration application is pending. 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 the ESMA on its website 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.

### **Change to Covenants Subject to Ratings Confirmation**

Changes can be made to certain covenants provided that the relevant members of the Security Group, as the case may be, obtain a Ratings Confirmation in respect of the particular change. The Rating Agencies may not provide their confirmation in the time available or at all, and they will not be responsible for the consequences thereof. A Ratings Confirmation, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time. A Ratings Confirmation cannot be construed as advice for the benefit of any party to the transaction. No assurance can be given that, although a Ratings Confirmation in respect of any particular change has been provided, such change will not have an adverse impact upon the business of Elenia Networks.

### **Certain Risks Related to Index-Linked Bonds**

The Issuer may issue Bonds with principal or interest determined by reference to the Consumer Price Index. Potential investors of all Bonds, but particularly of Index-Linked Bonds, should be aware that:

- the market price of such Bonds may be volatile;
- they may receive no interest;
- payment of principal or interest may occur at a different time than expected;

- they may lose all or a substantial portion of their principal;
- the Consumer Price Index may be subject to significant fluctuations that may not correlate with changes in interest rates or other indices;
- if the Consumer Price Index is applied to Bonds in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Consumer Price Index on principal or interest payable will likely be magnified; and
- the timing of changes in the Consumer Price Index may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Consumer Price Index, the greater the effect on yield.

The historical performance of the Consumer Price Index should not be viewed as an indication of the future performance of such index during the term of any Index-Linked Bonds.

### **Certain Risk Related to Bonds Issued at a Substantial Discount or Premium**

The market values of securities issued at a substantial discount or premium to 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.

### **Certain Risks Related to Fixed Rate Bonds**

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

### **Implementation of and/or Changes to the Basel III Framework May Affect the Capital Requirements and/or the Liquidity Associated with a Holding of the Bonds for Certain Investors**

The Basel Committee on Banking Supervision (the **Basel Committee**) approved significant changes to the Basel II regulatory capital and liquidity framework in 2011 (such changes being commonly referred to as **Basel III**). In particular, Basel III provides for a substantial strengthening of existing prudential rules, including new requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio "backstop" for financial institutions and certain minimum liquidity standards (referred to as the **Liquidity Coverage Ratio** and the **Net Stable Funding Ratio**). It is intended that member countries will implement the new capital standards and the new Liquidity Coverage Ratio as soon as possible (with provision for phased implementation, meaning that the measure will not apply in full until January 2019) and the Net Stable Funding Ratio from January 2018. Implementation of Basel III requires national legislation and, therefore, the final rules and the timetable for their implementation in each jurisdiction may be subject to some level of national variation.

Implementation of the Basel framework and any changes as described above may have an impact on the capital requirements in respect of the Bonds and/or on incentives to hold the Bonds for investors that are subject to requirements that follow the relevant framework and, as a result, may affect the liquidity and/or value of the Bonds.

In general, investors should consult their own advisers as to the regulatory capital requirements in respect of the Bonds and as to the consequences for and effect on them of any changes to the Basel framework (including the changes described above) and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

## **Denominations and Trading**

The Bonds will either be Bearer Bonds or Registered Bonds as specified in the applicable Final Terms or Pricing Supplement (as the case may be) and serially numbered in the Specified Denomination(s) provided that in the case of any Bonds which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a member state of the European Economic Area in circumstances that require the publication of a prospectus under the Prospectus Directive, the minimum Specified Denomination shall be £100,000, €100,000, U.S.\$200,000 or not less than the equivalent of €100,000 in any other currency as at the date of issue of the relevant Bonds.

Bonds may be issued with a minimum Specified Denomination and higher integral multiples of a number that is smaller than the Specified Denomination. It is possible that the Bonds may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of the minimum Specified Denomination. In such a case a Bondholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination: (a) may not be able to trade such holding; and (b) may not receive a definitive bond in respect of such holding (should Definitive Bonds (as defined in the Forms of Bonds) be printed) unless such Bondholder purchases a principal amount of Bonds such that its holding amounts to at least the minimum Specified Denomination.

## **Book-Entry Form of Bonds**

The Bonds will initially only be issued in global form and deposited with a common depository for Euroclear and Clearstream, Luxembourg. Interests in the Global Bonds will trade in book-entry form only. The common depository, or its nominee, for Euroclear and Clearstream, Luxembourg will be the sole holder of the Global Bonds representing the Bonds. Accordingly, owners of book-entry interests must rely on the procedures of Euroclear and Clearstream, Luxembourg, and nonparticipants in Euroclear or Clearstream, Luxembourg must rely on the procedures of the participant through which they own their interests, to exercise any rights and obligations of a holder of Bonds.

Unlike the holders of the Bonds themselves, owners of book-entry interests will not have the direct right to act upon the Issuer's solicitations for consents, requests for waivers or other actions from holders of the Bonds. The procedures to be implemented through Euroclear and Clearstream, Luxembourg may not be adequate to ensure the timely exercise of rights under the Bonds.

## **Counterparty Risk**

Liquidity Facilities and Hedging Agreements involve the Elenia Group and/or the Issuer entering into contracts with counterparties. Pursuant to such contracts, the counterparties agree to make payments to Elenia Networks and/or the Issuer, as the case may be, under certain circumstances as described therein. Elenia Networks and/or the Issuer, as the case may be, will be exposed to the credit risk of the counterparty in respect of any such payments. Each Hedge Counterparty and each Liquidity Facility Provider is expected to have a rating at least equal to the minimum expected ratings applicable to each Rating Agency at the time when the relevant arrangement is put in place.

## **The Bonds Could be Subject to Exchange Rate Risks and Exchange Controls Risks**

The Issuer will pay principal and interest on the Bonds 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. The Issuer has no control over the factors that generally affect these risks, such as economic, financial and political events and the supply and demand for applicable currencies. Moreover, if payments on certain Bonds are

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.

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. □ This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Bonds are responsible for analysing their own regulatory position and none of the Issuer, the Guarantors, the Arranger, the Dealers, the Security Trustee, any Hedge Counterparty, any Authorised Credit Provider, any Agent, the Account Bank, the Bond Trustee or any other party named in this Prospectus makes any representation to any prospective investor or purchaser of the Bonds regarding the regulatory capital treatment of their investment on the date of this Prospectus or at any time in the future.

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respect of certain specified credit risk tranches or asset exposures. Failure to comply with one or more of the Risk Retention Requirements may result in penalties for relevant investors and/or have a negative impact on the price and liquidity of bonds in the secondary market.

In particular the CRR Retention Requirements provide that an investment or exposure to securitisations by certain credit institutions and investment will be subject to an increased capital charge in respect of their exposures to securitisation positions, unless the relevant securitisation complies with certain requirements relating to the retention of net economic interest by the originator, sponsor or the original lender. The CRR Retention Requirements also impose certain due diligence obligations on the investors in securitisation positions.

Also, on 22 July 2013, the AIFMD, as supplemented by Commission Delegated Regulation 231/2013, became effective. It introduced the AIFMD Retention Requirements which are measures similar to those in the CRR Retention Requirements and which apply to EEA managers of alternative investment funds who invest in securitisations on behalf of the alternative investment funds they manage. Although the AIFMD Retention Requirements are similar to the CRR Retention Requirements, they are not identical and include additional and more extensive requirements on underwriting, origination and due diligence.

The Issuer is of the opinion that the Bonds do not constitute an exposure to a "securitisation" for the purposes of the CRR or the AIFMD and, as such, the Risk Retention Requirements should not apply to investments in the Bonds. Therefore, neither the Issuer nor any other Obligor has committed to retain a material net economic interest in relation to the issuance of any Bonds.

Requirements similar to the Risk Retention Requirements will also apply to investments in securitisations by other types of EEA investors such as EEA insurance and reinsurance undertakings and by funds which require authorisation under the UCITS Directive, although many aspects of the detail and effect of all of these requirements remain unclear.

Prospective investors in the Bonds should therefore make themselves aware of the requirements which may apply to their investment in the Bonds (including any applicable retention and/or due diligence requirements) in addition to any other applicable regulatory requirements.

If the Bonds were to constitute an exposure to a securitisation position and the Issuer did not comply with the Risk Retention Requirements, competent authorities are empowered to impose additional risk weights against non-compliant securitisations of between 250% and 1,250%.

None of the Issuer, the Obligors, the Dealers, the Arrangers, the Bond Trustee, the Security Trustee or any of the Hedge Counterparties, the Original Initial ACF Lenders, the Agents, the Liquidity Facility Providers, Borrower Hedge Counterparties, Cash Manager, Registrar, Transfer Agent, Principal Paying Agent, Agent Bank, the Account Bank or any other party named in this Prospectus is responsible for informing Bondholders of the effects of the changes to risk weighting which may result for investors from the adoption, implementation and/or interpretation of the Risk Retention Requirements by their own regulator. Bondholders are responsible for analysing their own regulatory position. Potential investors should consult their regulator should they require guidance in relation to the regulatory capital treatment that their regulator would apply to an investment in the Bonds.

## BUSINESS OF ELENIA

### ELENIA GROUP OVERVIEW

The Elenia Group, at the date of this Prospectus, comprises an electricity distribution business called Elenia Oy (**Elenia Networks**) as the parent company, its wholly-owned subsidiaries Elenia Lämpö Oy (district heating business, **Elenia Heat**) and Elenia Services (defined below) and associates (together, the **Elenia Group**). The Elenia Group is headquartered in Tampere, and has offices in Helsinki, Hämeenlinna, Heinola, Jyväskylä, Seinäjoki, and Oulainen. See " – *Ownership*" below for a full Elenia Group diagram.

The electricity distribution business represented approximately 86% of the Elenia Group's 2014 EBITDA<sup>6</sup> and around 93% of the Elenia Group's total assets as of 31 December 2014.

The history of the companies within the Elenia Group (except for the Issuer and Elenia Services) can be traced back to the late 19th century. These companies were established to provide electricity distribution and heat services in Finland and were subsequently acquired by Vattenfall AB (**Vattenfall**), a Swedish energy company, following the deregulation of the Finnish electricity market in the mid-1990s. Vattenfall then sold its Finnish electricity distribution and district heating operations on 10 January 2012 to LNI Acquisition Oy (**LNI**) (the **Acquisition**). See " – *Ownership*" below. On 11 May 2012, the "Elenia" brand was launched.

### FINNISH ECONOMY

Finland has long-term ratings of AA+ (S&P), Aaa (Moody's) and AAA (Fitch). Finland's budget has had a surplus in 27 out of the 40 previous years<sup>7</sup> and its debt level as at 31 December 2014 was 59.3% of GDP<sup>8</sup>.

Finnish GDP growth was 5.2% in 2011, 1.5% in 2012, 1.8% in 2013 and 0.9% in 2014<sup>9</sup>. As at 31 December 2014, the population of Finland was 5.47 million, an increase from 5.2 million in 2000<sup>10</sup>.

### INDUSTRY OVERVIEW – ELECTRICITY SECTOR

Finland was one of the first countries in Europe to liberalise its electricity market. Beginning in 1995 and since 1998, transmission and distribution of electricity have been independently regulated by the Energy Authority (**EA**) under a regulatory framework established in 1995 by the EM Act.

The EM Act liberalised the Finnish electricity market by reducing or, in some cases, completely removing regulation that prevented competition in electricity generation, sales and cross-border trade. In addition the EM Act separated the electricity industry into two distinct operations: (i) the electricity transmission and distribution operations that are natural monopolies and (ii) the marketplace for buying and selling electricity which enabled all electricity users, including private households, to choose their preferred electricity supplier.

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<sup>6</sup> Excluding non-recurring and exceptional costs in 2014.

<sup>7</sup> Official Statistics of Finland (OSF): General government deficit and debt [e-publication]. ISSN=1799-5914. 2014. Helsinki: Statistics Finland (referred: 27.1.2016)  
Access method: [http://www.stat.fi/til/vtp/2013/vtp\\_2013-01-30\\_tau\\_001\\_en.html](http://www.stat.fi/til/vtp/2013/vtp_2013-01-30_tau_001_en.html)

<sup>8</sup> Official Statistics of Finland (OSF): General government deficit and debt [e-publication]. ISSN=1799-5914. 2013. Helsinki: Statistics Finland (referred: 27.2.2015). Access method:

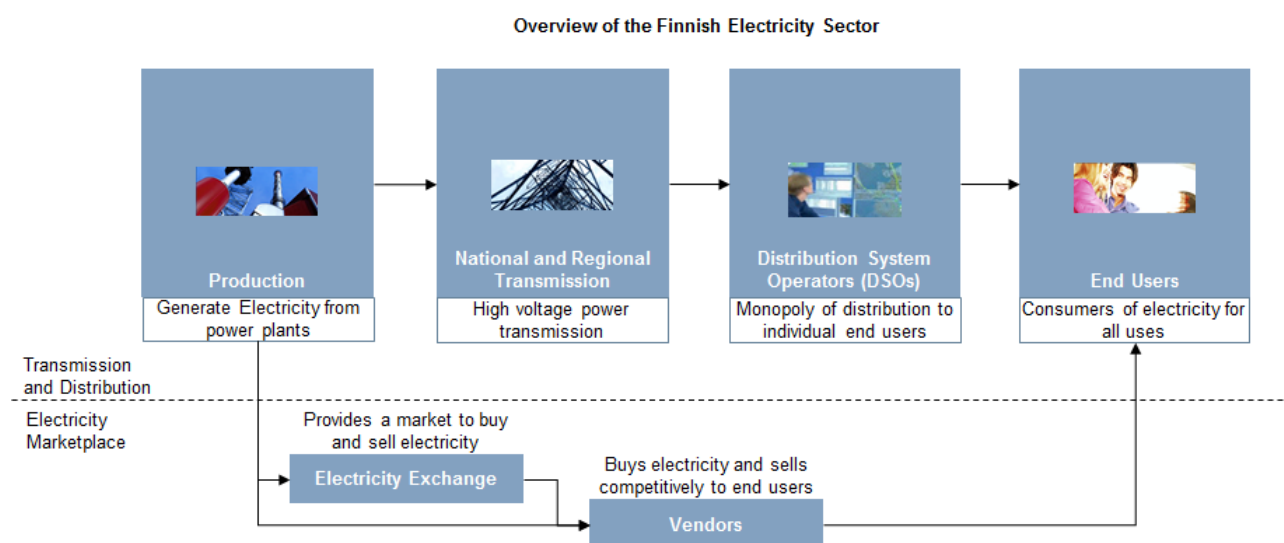
<sup>9</sup> Official Statistics of Finland (OSF): Annual national accounts [e-publication].  
ISSN=1798-0623. 2014. Gross domestic product (GDP) at market prices 1975-2014\* . Helsinki: Statistics Finland [referred: 17.2.2016].  
Access method: [http://www.stat.fi/til/vtp/2014/vtp\\_2014-01-29\\_tau\\_001\\_en.html](http://www.stat.fi/til/vtp/2014/vtp_2014-01-29_tau_001_en.html)

<sup>10</sup> Statistics Finland, Population, Population Structure, Access method: [http://www.stat.fi/tup/suoluk/suoluk\\_vaesto\\_en.html](http://www.stat.fi/tup/suoluk/suoluk_vaesto_en.html). Official Statistics of Finland (OSF): Preliminary population statistics [e-publication]. ISSN=2243-3627. September 2013. Helsinki: Statistics Finland (referred: 2.12.2015). Access method: [http://www.stat.fi/til/vamuu/2014/12/vamuu\\_2014\\_12\\_2015-01-27\\_tau\\_001\\_en.html](http://www.stat.fi/til/vamuu/2014/12/vamuu_2014_12_2015-01-27_tau_001_en.html).

Finland has a stable, supportive and independent regulatory regime for electricity distribution. Elenia Networks is of the opinion that the regime is underpinned by broad-based governmental and customer support for continued investment in the electricity distribution sector to ensure stability of supply. This has cultivated a longstanding regulatory framework and ethos, free from political interference and enshrined in law. With this in mind, the Finnish regulatory regime has historically sought to enhance the security of electricity supply, in addition to allowing companies a reasonable rate of return for investing in the network.

See "*Selected Aspects of Finnish Regulation Overview*" below.

## Transmission and Distribution of Electricity from Production to End-Users in Finland



## Production of Electricity

Electricity is primarily generated in Finland from nuclear, hydroelectric and thermal sources. There are approximately 400 power plants generating electricity in Finland.<sup>11</sup>

## National and Regional Transmission of Electricity

Generated electricity is delivered to end-users initially through the national transmission network, then through high-voltage distribution networks and finally through the local distribution networks, such as Elenia Networks.

The sole transmission system operator (TSO) in Finland is Fingrid Oyj (**Fingrid**), which is regulated on a similar basis to the DSOs. Fingrid is responsible for high-voltage power transmission across the national transmission network. There are also over 10 high-voltage distribution network operators which operate networks primarily with voltage level 110 kilovolts (kV). To minimise transmission losses, the voltage of the national transmission network is high, between 110 and 400 kilovolts (kV)<sup>12</sup>. The total length of the transmission network is approximately 15,000 kilometres, and of the high-voltage distribution networks is approximately 1,650 kilometres<sup>13</sup>.

<sup>11</sup> Source: Finnish Energy ([www.energia.fi](http://www.energia.fi))

<sup>12</sup> Source: EA ([www.energiavirasto.fi](http://www.energiavirasto.fi))

<sup>13</sup> Source: Finnish Energy, ([www.energia.fi](http://www.energia.fi))

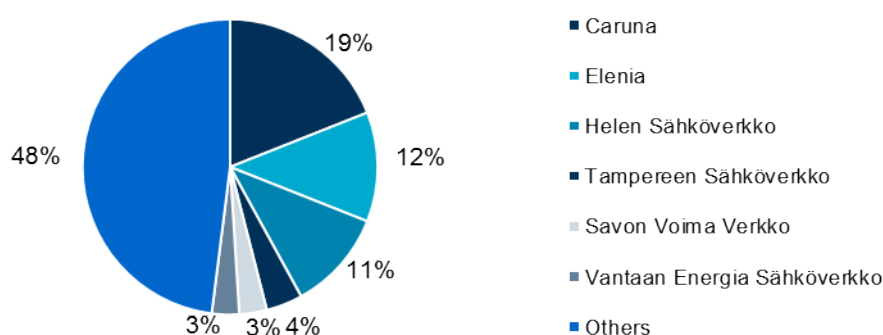
The distribution networks are approximately 385,000 kilometres in length<sup>14</sup>. High-voltage networks are built as overhead lines and approximately 35% of the low-voltage (distribution) networks consist of underground and underwater cables. In recent years, the proportion of underground cables has started to rise rapidly, consistent with the regulatory focus on security of supply.

## DSOs and Market Structure

Electricity distribution is a regulated, regional monopoly business in Finland. The network licence granted by the EA to a DSO specifies the licensee's geographical area of responsibility. Within this area, that DSO has an exclusive right to carry out the business of electricity distribution. Under the network licence, each DSO is under an obligation to maintain and develop its network, to connect customers and power generating installations to its network, as well as to distribute electricity. The DSO is responsible for the condition of the network and the security of supply to consumers.

Currently, there are approximately 80 DSOs in Finland, most of them owned either directly or indirectly by municipalities. The market is heterogeneous and the smallest electricity networks operate within the area of a single municipality serving only a few thousand customers. Elenia Networks is the second largest DSO in Finland (by number of customers). The table below shows the market share of DSOs across Finland:

### DSOs by Market Share (Number of Customers (by %), as of 31 December 2014)<sup>15</sup>



The cost to a DSO of distributing electricity is affected by the standard of the network infrastructure and the geographical location and density of the customer base. The EM Act 2013 requires that the price of network services (connection to the network, transmission, distribution and metering) is made publicly available, with prices being reasonable to end-users and regionally equitable (see further "*Selected Aspects of Finnish Regulation Overview – Reasonable Return Methodology for Electricity Distribution Services*"). The regulatory regime requires that the relevant DSO provides each customer located within its region with all of the electricity distribution services required by that customer.

## End-Users

In Finland, there were more than 3 million (household and industrial) electricity users as of 31 December 2014. DSOs invoice end users for distribution charges directly. In some instances, DSOs also include the electricity sales fee from the relevant vendor in the same invoice. For further detail on vendors see "*Vendors*" below.

<sup>14</sup> Source: EA([www.energiavirasto.fi](http://www.energiavirasto.fi))

<sup>15</sup> Source: EA, 31 December 2014

## **Electricity Marketplace in Finland**

### *Electricity Exchange*

Electricity producers and vendors buy and sell electricity through the Nord Pool Spot AS (**Nord Pool**). Nord Pool is the largest market for electricity in the world, operating in Sweden, Denmark, Finland, Norway, Estonia, Latvia and Lithuania.

### *Vendors*

The supply of electricity to end users is a competitive industry. Vendors buy electricity from power plants, Nord Pool or generate it using their own plants and then sell to end-users. There are currently around 70 electricity vendors in Finland.

## **ELENIA NETWORKS**

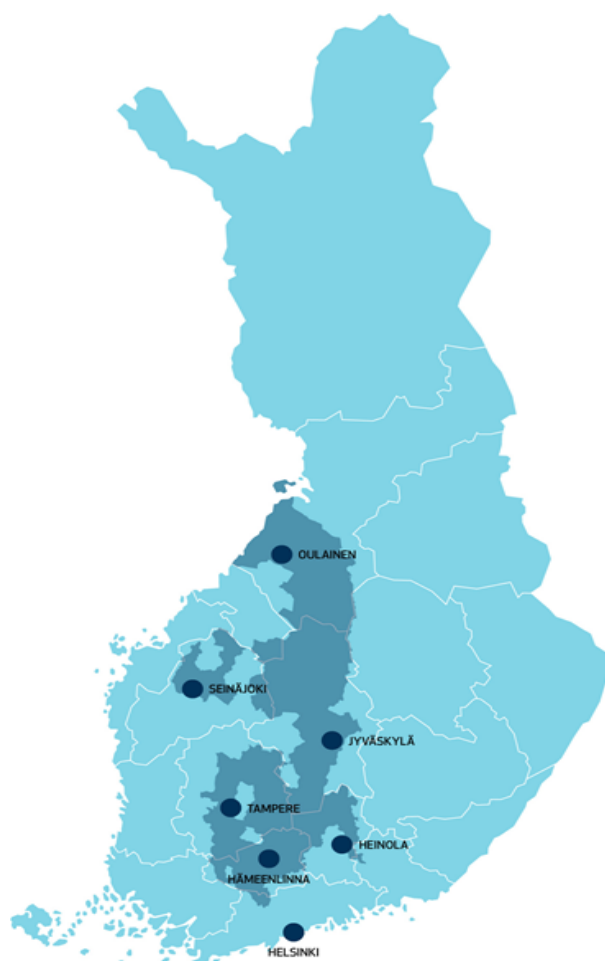
### **Business Overview**

Elenia Networks' electricity distribution business is the second largest in Finland by number of customers and operates in the central part of Finland, as indicated in the map below. The business has operations in more than 100 cities and municipalities with approximately 66,700 km of distribution network, spanning an area of almost 600km in length<sup>16</sup>. During 2014, total electricity distribution volume was 6,112GWh, as compared to 6,228GWh in 2013 and 6,391GWh in 2012.

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<sup>16</sup> Source: Elenia Networks

## Elenia Networks Operational Area



### Strategy

Elenia Networks has a focused strategy which seeks to deliver efficient investment management to enhance security of supply, maintain on-going operational excellence through partnerships, facilitate innovation to drive industry progress and retain a strong emphasis on customer service.

A key component of Elenia Networks' strategy, in line with the EA objectives, is customer service and customer satisfaction. The company has invested significantly in innovation to improve these services, such as invoicing based on actual consumption data (instead of estimates), web-based energy consumption monitoring, text messages and email notifications during power outages and a smartphone application "*Elenia Mukana*"<sup>17</sup>. The EA subsequently introduced to the regulatory regime an innovation incentive to cover the costs associated with development of such services. See " –

*Key Strengths – Innovation and security of supply" below.*

### Customers

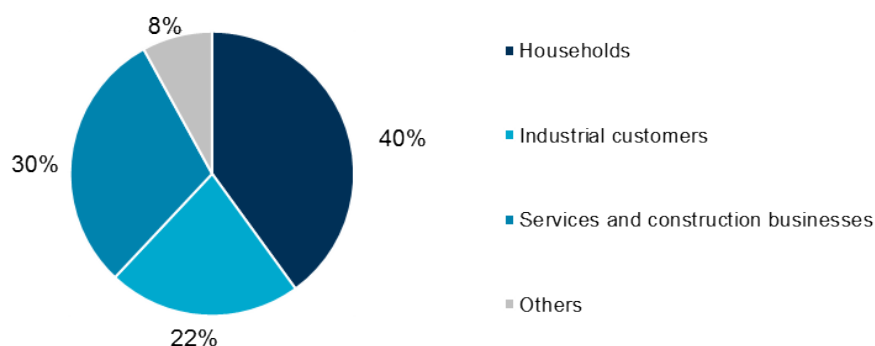
As a regional monopoly, Elenia Networks serves all electricity customers within its licensed distribution area. As part of the licence, the EA specifies the area within which a DSO may operate and the EM Act 2013 specifically states that the relevant licence holder has the exclusive right to build and operate a

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<sup>17</sup> Translates in English to "Elenia with you".

distribution network in its area of responsibility. The chart below provides an overview of Elenia Networks' customers by type.

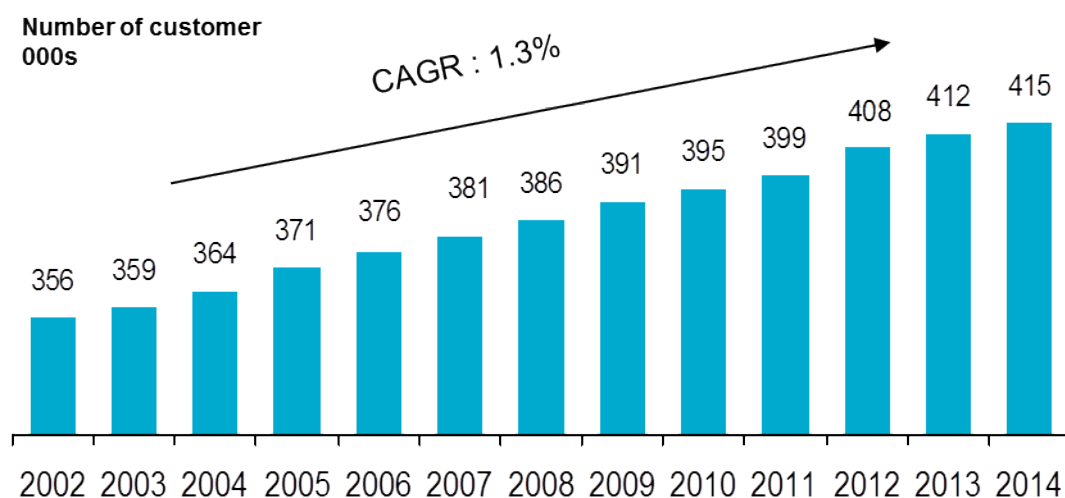
#### Delivered Volume Per Customer Segment in 2014<sup>18</sup>



As of 31 December 2014, the five largest customers of Elenia Networks represented only 7.65%<sup>19</sup> of the total electricity distributed, demonstrating the low concentration in Elenia Networks' customer base.

Elenia Networks' customer base has grown steadily since 2002 as demonstrated below:

#### Development of customer base: 2002 to 2014



<sup>18</sup> Source: Elenia Networks

<sup>19</sup> Source: Elenia Networks

*Note: The number of customers in 2012 includes 6,350 customers acquired from Asikkalan Voima Oy.*

Elenia Networks has historically benefitted from timely receipt of payments from users (on average). Elenia Networks invoices end-users directly, rather than through vendors acting as intermediaries. In addition Elenia Networks has very low bad debt rate of 0.34% in 2011, 0.07% in 2012, 0.36% in 2013 and 0.28% in 2014, based upon revenue.

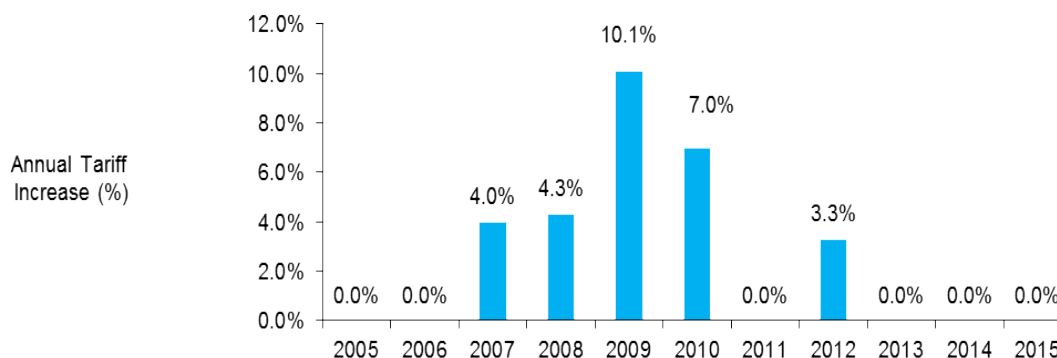
### **Tariff Flexibility**

DSOs are permitted to change electricity distribution prices, subject to a 30-day notice period (subject to certain limitations of the applicable general terms and the constraints of the regulatory regime). Elenia Networks has increased tariff prices in the past years as demonstrated below<sup>20</sup>. Elenia Networks has announced that it increases its distribution tariffs by 9.4% from 1 April 2016.

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<sup>20</sup>Although no changes were made to tariffs in 2014, Elenia granted a €6.1 million rebate to customers during the year (equivalent to 3.1% of electricity distribution revenue).





## KEY STRENGTHS

Elenia Networks believes it has a number of key credit strengths. These are outlined below.

### Supportive Regulatory Environment

As noted previously, the Finnish electricity distribution sector is one of Europe's longest-established independently regulated utility sectors. Elenia Networks is of the opinion that it benefits from a stable, supportive and incentive-led regulatory regime in one of Europe's most highly rated countries. Elenia Networks has a collaborative relationship with the EA, partly due to Elenia Networks' technological and operational innovations in the industry which are often ahead of regulatory requirements.

See "*Selected Aspects of Finnish Regulation Overview*" below.

### Market Position and Influence

Elenia Networks is the provider of an essential infrastructure service. It is a regional monopoly with no competition for customers and is currently the second largest DSO in Finland by number of customers. The majority of Finnish DSOs are either part of larger integrated energy companies (and therefore involved in other electricity businesses, such as generation and sales) or are smaller-scale DSOs owned by municipalities. Unlike the many small municipality-owned DSOs, Elenia Networks is of significant size which enables scale benefits, especially in terms of cost management and investment efficiency.

Elenia Networks is well represented in several influential industry bodies, enabling close contact with the regulators and other key stakeholders in Finland and Europe. For example, Tapani Liuhala (CEO) is a member of the Executive Board of Finnish Energy; Jorma Myllymäki (Chief Operating Officer) sits on the Committee for Electric Networks of Finnish Energy and on the Advisory Committee of Fingrid Oyj; and Heini Kuusela-Opas (Head of Communications) sits on the Steering Group for Communications of Finnish Energy.

Finally, as a regional monopoly, there is no competition between DSOs for customers. As part of a licence, the EA specifies the area of responsibility within which a DSO may operate and the EM Act 2013 specifically states that the relevant licence holder has (subject to certain limited exceptions) the exclusive right to build and operate a distribution network in its area of responsibility.

### **Innovation and Security of Supply**

Elenia Networks aims to provide progressive electricity network services to its customers, thereby helping society to function without disruption to daily life. Elenia Networks aims to prioritise improvements in distribution reliability by increasing the use of underground power lines and improving customer service by implementing smart services which take advantage of automation such as the automatic meter-reading system (AMR). Elenia Networks' customers use smart electricity meters, the first of which were installed in 2002, ahead of many other DSOs and ahead of regulatory incentives and requirements. Elenia Networks' service solutions seek to promote greater energy efficiency: customers can monitor their electricity consumption on web-based and mobile services that provide comprehensive and customised information on power consumption on an hourly, daily and monthly basis.

In the event of power outages, Elenia Networks' smart electricity network automatically isolates fault locations, directing power distribution to parts of the grid that are functioning normally. During power outages, customers receive real-time status updates via SMS, email, an online map service and a telephone helpdesk.

Since 2009, Elenia Networks has only built weatherproof underground distribution power lines. Such underground distribution power lines improve the security of supply of electricity to customers, contributing to increased customer satisfaction, lower operating costs and lower negative impact through the quality and efficiency incentives due to lower regulatory outage costs. In 2014, Elenia Networks invested over €100 million in developing its electricity network – see "*Investment and Cost Management*" below. This puts Elenia Networks in a favourable position with respect to the distribution reliability requirement of the EM Act 2013, which came into force in September 2013. In April 2013, Elenia Networks launched "Elenia Weatherproof" on its website ([www.elenia.fi](http://www.elenia.fi)) which provides customers with a map explaining planned and on-going underground cabling projects.

### **Customer Focus**

To ensure a strong focus on customers, customer satisfaction is measured on a regular basis. Feedback from the overall Customer Satisfaction Index (CSI) and more frequently measured Net Promoter Score (NPS) is used to help develop customer services and Elenia Networks' business processes. Elenia Networks has a strong historical track record in customer satisfaction and, since 2011, Elenia Networks has been involved in the national customer satisfaction survey which measures the satisfaction levels of customers across DSOs and compares them to each other<sup>21</sup>. The survey is carried out by the Finnish Energy.

### **Operational and Investment Efficiency**

Elenia Networks has good visibility regarding granularity of information, the condition and age of its network, enabling it to accurately and efficiently plan its investment programme. Elenia Networks seeks to enhance operational performance and maximise regulatory return with best in class asset information and its strategy for sourcing contracting services and materials more efficiently and cost effectively than other DSOs.

Network investments are leveraged through economies of scale, efficient procurement of contracting services via the Partnership Policy (explained below), expanding materials sourcing to international

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<sup>21</sup> Source: General customer satisfaction survey for Finnish energy companies, made by Finnish Energy (results from years 2011-2015)

markets, implementing improvements in operational processes and utilising state-of-the-art IT systems. Elenia Networks' target is to secure construction market development, resource availability and pricing through new contract models and new partners.

In 1995, Elenia Networks made a strategic decision to create and manage a partnership policy with external service providers and to outsource certain of its maintenance and other works. Each provider is selected through a rigorous selection process based primarily on quality of service and cost (the **Partnership Policy**). While retaining full management control of the operations, this policy provides flexibility in securing appropriate resources and allows Elenia Networks to avoid reliance on any single partner or supplier – seeking to maximise quality of service while reducing costs.

As a result, Elenia Networks has in place a panel of companies it chooses to work with, depending on the targeted outcome. Such targeted outcomes range from the installation of the weatherproof underground cables to emergency repairs of faults in the network.

### **Major Power Disruption Organisation and Preparedness Plan**

Elenia Networks has a detailed plan (which is updated on regular basis) to deal with major power disruptions to its network and other abnormal events which may affect its performance. The preparedness plan takes into account, among other things, internal resources and external contractor partners, Information and Communication Technology (**ICT**) systems and system providers, materials and logistics services and stakeholder relations during major power disruptions.

Elenia Networks seeks to constantly monitor weather forecasts and the status of the network, and is prepared to ramp up a major power disruption organisation according to the preparedness plan when needed in order to ensure customer service, rapid restoration of power and management of media relations during extensive outages and major power disruptions. Every employee of Elenia Networks has his or her own role and specific responsibility in the major power disruption organisation.

Elenia Networks and its partner companies are prepared for major power disruptions through their preparedness plan allowing situations to be handled in an efficient manner under demanding circumstances. The most notable major power disruptions where this has been tested have been the thunderstorms in 2010, Tapani and Hannu storms in 2011, Eino and Seija storms in 2013, Valio storm in 2015 as well as snow load situations in 2011, 2012 and 2015. There were no exceptionally strong storms in 2014. In 2015, the combined impact of heavy snow loads in January, spring storms in April-May, the Valio storm in October and severe snow loads in November gave rise to fault repair and maintenance costs.

## **ELENIA NETWORKS' INVESTMENT AND COST MANAGEMENT**

### **Investment Strategy**

Network investment types are divided into two categories:

- replacement investments – investments in the existing network to secure network operability, enhance the existing network and improve security of supply; and
- growth investments – investments to connect new consumption or production sites to the network.

Historically, Elenia Networks' investment programme has focused on automation to improve the existing overhead network. This supported outage management by isolating faults and efficiently directing the field crew. Between 2006-2010, this programme (the **2006-2010 Investments**) successfully delivered the following network objectives:

- decreased interruptions through the construction of new light modular primary substations;
- increased speed of fault isolation and network restoration through remote-controlled disconnectors and line breakers;
- reduced the number of short interruptions with the installation of earth fault compensation units;
- reduced faults through animal proofing and overvoltage protection;
- developed work methods to reduce customer outages during network construction and maintenance (together with partners); and
- renewed field communication network for remote management.

Elenia Networks' investment plan for the period 2012-2028 underpins its commitment to electricity distribution reliability. The plan is summarised as follows:

- Enhancing the reliability of electricity distribution;
- Implementation of weatherproof technology;
- Development of Smart Grid technology;
- Network maintenance and development; and
- Investment in new connections.

The capital expenditure budget for the distribution network in 2015 was approximately €100 million. It is also expected that the investment programme will have a positive impact on the network replacement value and the regulatory asset value of Elenia Networks, which would have a positive effect on the return under the regulatory guidelines of the EA. The investment programme takes into account the technical requirements of the network and security of supply targets while seeking to deliver capex in the most efficient manner.

Moreover in September 2014 the EA awarded Elenia Networks an extension of the regulatory lifetimes for certain of its component groups originally applied for in 2011. These prolonged regulatory lifetimes have been used in Elenia Network's current business plan.

### **Enhancing the Reliability of Electricity Distribution**

The importance of improving security of electricity supply and distribution reliability is driven by the impact of outages on profitability of Elenia Networks. First, field repairs to correct outages incur costs. Second, compensation, as per EM Act 2013, is payable to customers for significant outages for over 12 hours. Third, outages affect the quality incentive and the efficiency incentive.

As stated above, Elenia Networks has undertaken investment in the modernisation of its distribution network. Recently, this has been accelerated to involve the installation of underground power lines in accordance with the current investment plan. This also included IT developments such as Network Investment Management functionality in the Network Information System Trimble NIS to support the implementation and monitoring of the investment plan. Elenia Networks began developing an asset management system based on the British PAS 55 (Publicly Available Specification for the optimised management of physical assets) standard in 2012. The system was certified externally according to PAS 55 in December 2013 by Lloyd's Register. The asset management system was certified according to the international standard ISO 55001 in July 2014 by Lloyd's Register.

While the EM Act 2013 requires a certain standard of compliance, Elenia Networks' long-term investments (such as building weatherproof underground distribution power lines and the smart grid) demonstrate its ability not only to meet regulatory requirements, but exceed them in advance of the EM Act 2013 stipulated timelines.

### **Implementation of Weatherproof Technology**

At the same time as the 2006-2010 Investments, Elenia Networks initiated a research and development programme in close cooperation with universities and research institutions, network contractors, material suppliers and other external partners to find viable technologies for underground cabling in rural areas. As a result, Elenia Networks has shifted its investment strategy from traditional overhead network construction to exclusive use of underground cabling and other weatherproof solutions in its distribution network. However, in respect of its 110 kV network, Elenia Networks continues to construct overhead lines.

Elenia Networks has switched from pole-mounted distribution transformers to kiosk (cabinet mounted) transformers. These are significantly less vulnerable to adverse weather conditions. Low-voltage and medium-voltage lines are now constructed using underground cables which are also more resistant to outages. Since 2009, Elenia Networks has built all new connections with underground cables.

The long-term investment programme of Elenia Networks is based on the continued replacement of overhead lines with an underground cable network. The key driver for this investment programme is to decrease the number of faults in the network, resulting in reduced fault repairing costs, reduced outage compensations, regulatory outage costs and fulfilment of the security of supply targets set by the EM Act 2013. See further "*Selected Aspects of Finnish Regulation Overview – Principles of Electricity Distribution Regulation – Enhanced Quality and Security of Supply*".

For the period 2019-2028, it is intended that Elenia Networks' investments will focus on areas of the network serving rural population centres and areas that are sparsely populated and therefore require a longer cable length per customer. The focus will be on the parts of the network which are more susceptible to adverse weather and where the technical lifetime of the network is reaching its stated limit. The development is being tracked with key performance indicators reported directly from network information and distribution management systems on a monthly basis.

### **Investment in Smart Grid Technology**

Elenia Networks was one of the first Finnish DSOs to initiate smart grid development and has already implemented several stages of smart grid evolution, ahead of many other DSOs and the requirements of the Finnish regulatory regime.

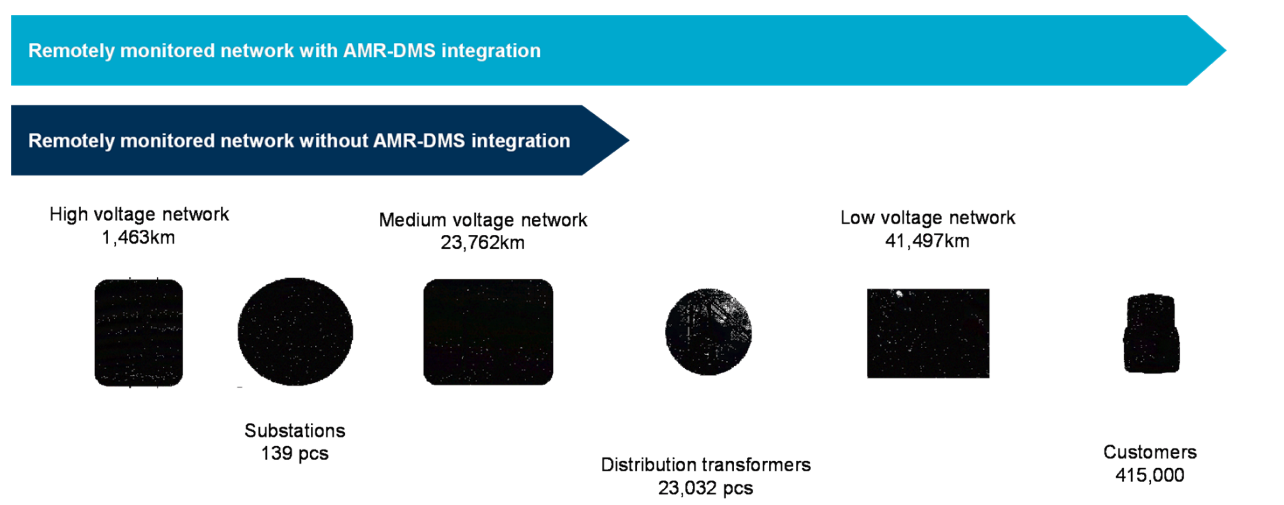
The benefits of network automation are substantial for distribution reliability and other key performance indicators of Elenia Networks as it operates in rural areas. This has had a positive effect on customer interruptions and subsequently the System Average Interruption Duration Index (**SAIDI**, which is the total customer outage time divided by the total number of customers).

In 2002, Elenia Networks established a centralised and standardised outage management system. This system concentrated network control and monitoring in the network control centre at Tampere, as well as renewing operational IT systems. The network control centre has 24/7 network control and monitoring coverage and full control over outage management. Once an outage is detected, the aim is to restore the power as quickly as possible through utilisation of smart grid functionalities such as line feeder automation and field communication systems.

The network automation investments have created a foundation to develop enhanced functionality for the outage management process. The key functionalities are the Distribution Management System (**DMS**)

and the Supervisory Control And Data Acquisition system (**SCADA**, a network components control system) that enables automatic Fault Location, Isolation and Restoration (**FLIR**), which utilises network automation and information from field devices through intelligent integration of SCADA and DMS functionalities.

These investments have facilitated better outage information-sharing with customers and the media. Some of the benefits include Interactive Voice Response (**IVR**), online outage maps as well as SMS messages and emails. Another key milestone has been the introduction of the AMR system (over 99% of Elenia Networks' customers are connected to the AMR system) and integration of the DMS which extended the remote monitoring of the network to include the ability to monitor the low-voltage network and customers as illustrated below.



The dark blue arrow in the diagram indicates the relatively limited aspects of the network which can be monitored without AMR-DMS integration. The light blue arrow demonstrates the additional parts of the network of Elenia Networks which can now be monitored with AMR-DMS integration.

## Network Maintenance and Development

Efficient maintenance of the distribution network is one of Elenia Networks' key activities. In the opinion of Elenia Networks, this focus has a positive impact on the reliability of the network and also ensures compliance with Elenia Networks' distribution licence. Maintenance is carried out according to a programme defining the tasks and cycles of maintenance actions. The company is responsible for planning the maintenance and has outsourced the fieldwork related to maintenance operations to third-party service providers in accordance with the Partnership Policy.

Maintenance work can be divided into preventative, reactive and immediate activities, and outage management.

"Preventative maintenance" aims to minimise outages by keeping the network in optimal condition. Preventative maintenance includes inspections, relay testing, earthing measurements and documentation.

"Reactive maintenance" identifies repairs or replacement work required to parts of the network based on inspections or maintenance information. Reactive maintenance includes tree clearance, small repairs and service works, self-acting maintenance and power quality measurements.

"Immediate maintenance" includes repairing faults and removing immediate risks (including serious, network-threatening faults) from the network. Actions taken in respect of such work are optimised based on the network condition, time, risks and cost effectiveness. This enables efficient management of

maintenance expenses. As an example, upon receipt of a customer notification about a network problem Elenia Networks evaluates the urgency of the issue. Issues critical to safety are handled immediately, and the remainder are addressed as soon as practically possible based on a risk and cost effectiveness assessment.

"Outage management" aims to minimise the impact of outages by utilising network automation and systems for fault isolation and efficient field crew management. The field actions related to fault repair and network maintenance are outsourced to third-party service providers as part of annual framework agreements. In addition to direct fault repairing cost for field actions, legal outage compensations and stand-by systems are included in operational costs and budgets.

The current maintenance strategy focuses on improving maintenance efficiency by changing from time-based to condition-based maintenance. One of the key actions is the utilisation of helicopters in network inspections. The inspection system can take 2D and 3D pictures from helicopters as well as perform a laser-scan of the whole network. This allows effective evaluation of tree clearance and other small repair requirements. In addition, other condition information from the network can be utilised in network planning and operation. Finally, information provided by distribution automation equipment over the field communication systems can be utilised in prioritising service work and maintenance actions.

Further, it is a requirement of law and regulation that networks are kept in a safe condition for persons and equipment connected to the network in normal operation, as well as in fault situations. To meet safety specifications, investments are made to fulfil short circuit, earthing and mechanical (i.e. markings and distances) requirements.

Elenia Networks also participates in cooperation projects with municipalities. The object of these projects is to manage the cost and reduce customer inconvenience by renovating the network at the same time as similar work is undertaken by municipalities or telecom operators, as the case may be. These projects are normally planned and executed during the same year.

### **Investments in New Connections**

Elenia Networks connects new customers to its distribution network. Most new connections are made for electricity consumers but also for a small number of electricity producers. The main principle is to connect new customers in a cost-efficient manner and according to a planned schedule. The fieldwork related to project delivery is outsourced to third-party service providers as part of the Partnership Policy. All new customers are connected to the grid by the underground weatherproof cable network.

Pursuant to the EM Act 2013, DSOs need to connect new customers to the network in their own region with equal pricing principles. Customers are charged a connection fee based on the location and size of their connection. The fee must be demonstrable to the EA as being fair. If the new connection is outside of a local town plan or separately defined price zone, the connection fee is set to cover all the required network components and construction cost. Investments required for new connections are accounted for as capital expenditure. In respect of connection contracts which were signed before 1 January 2008, the connection fee is refundable if the customer decides to terminate the connection contract and be disconnected from the network. If the building is demolished and no replacement is constructed in its place, the refund will be made to the customer after netting off the network demolition costs. The total of such connection fee refunds made by Elenia Networks was less than €500,000 in each of 2010, 2011, 2012, 2013 and 2014.

In addition, Elenia Networks is expanding its client base via investments in wind power connections. The Finnish government has been supportive of renewable energy production, especially wind power. Currently, there are over 11,000- megawatts<sup>22</sup> (MW) of planned wind power capacity in Finland and over 3,000MW of initial plans for wind power within Elenia Networks' area.

Wind power customers and customers of other types of electricity generation have the option to construct the connection line themselves regardless of the voltage level. Finnish DSOs are not obliged to connect large wind power customers (transmitting at a voltage of 110kV or above) to their network. When a large wind power customer within the geographical area of Elenia Networks enquires about its ability to connect to the network, Elenia Networks evaluates technical requirements of the wind power connection, technical capabilities of the network and the potential return on investment generated by the connection. Elenia Networks treats all prospective wind power operators according to similar principles as for its other large customers. Decisions on possible investments are made on a case-by-case basis. After the connection has been ordered and a schedule is agreed, the investment related to the connection will be included in the investment programme.

## Capex Summary

The table below presents the capital expenditure of Elenia Networks, for the years 2013 and 2014.

<b>Capex (€ millions)</b>	<b>IFRS</b>	
	<b>2013</b>	<b>2014</b>
Growth investments	14.1	17.7
Replacement investments	67.0	82.7
Other investments <sup>1</sup>	2.7	4.5
Other additions (net)		
<b>Total</b>	<b>83.8</b>	<b>105.0</b>

1 Mainly IT and AMR Investments

## Replacement Investments

The key drivers of network replacement investments include the reliability targets of the EM Act 2013, fulfilling safety, quality and environmental requirements, and maintaining the RAV. The main principle is to focus on replacement investments in network items which are beyond their techno-economical regulatory lifetime. Network replacement investments consist mainly of replacing overhead lines with underground cables in the medium-voltage (20 kV) and low-voltage (0.4 kV) distribution networks. Replacement investments in the high-voltage (110 kV) network include building and renovating primary substations, renovating existing and planning new high-voltage 110 kV lines, managing primary transformer capacity and overhauls, building and managing earth fault compensation units and other substation automation equipment.

The main focus of network replacement investment until 2009 was to improve the quality of delivery in the existing overhead network by increasing the amount of network automation such as remotely controllable disconnectors, network circuit breakers and modular scalable substations. Since 2009, the normal construction method for new and renovated networks has been underground cabling in both the low-voltage and medium-voltage network. Replacement investments in underground cabling have been growing and it is expected that the trend will be further driven by the incentives implemented in respect of the EM Act 2013.



In 2014, Elenia Networks increased its electricity network replacement investments in accordance with its investment plan for 2012-2028 by undergrounding cables. Elenia Networks also continued to invest in IT development in support of the implementation and monitoring of its investment plan. This investment plan takes into account the security of supply requirements of the EM Act 2013 as well as Elenia Networks' strategic goals, which include:

- Improved supply reliability
- Increased number of weatherproof network customers
- Investment efficiency

Elenia Networks aims to increase the share of underground cables in its electricity network to 70% by 2028.

#### *Growth Investments*

Growth investments mainly consist of extending the network for new customer connections. In addition, growth investments include other work performed in constructing new connections including development of the surrounding existing network to fulfil recent requirements and including renewal of land use contracts according to current practices. Most of the new connections are made for electricity consumers but some are made for electricity producers such as wind-power parks.

#### *Other Investments*

Other investments include items such as AMR devices (**revenue meters**) and IT systems.

### **Operating Costs Summary**

Elenia Networks' operating expenses are largely driven by the cost of upstream networks, network losses, the costs of materials and services, personnel expenses and other operating expenses.

Costs of upstream networks represent mainly the charges Fingrid invoice for transporting the electricity across the national transmission grid to Elenia Networks. These charges are pass-through costs and are driven by the volume of electricity and the tariffs payable to Fingrid. Fingrid's tariff levels are set in a similar way to DSOs. In 2014 Fingrid raised its tariffs by 8% on average but due to lower actual distribution volumes in 2014, the costs of upstream networks were 1.0% lower than in 2013.

Elenia Networks' network losses are the costs associated with replacing electricity lost during distribution through the network to customers due to resistance. These losses are driven by the inherent inefficiencies in the distribution network (e.g. thermal loss). The annual level of network losses is approximately 4% (approx. 250 GWh/a in 2014) of total distribution volumes. The associated costs are also driven by electricity market prices. In 2014, as the distribution volumes were lower, the realised network losses were also lower than in 2013.

Elenia Networks' materials and services costs relate to network maintenance and fault repairing. These expenses were elevated during 2010-2013 due to adverse weather conditions, in particular heavy snow loads in January 2011 and 2012 and severe storms in December 2011 and in autumn 2013. In 2014, Elenia Networks' materials and services expenses were 15.5% lower than in 2013 due to favourable weather conditions.

Other operating expenses comprise customer services, IT and administration. Higher other operating expenses in 2013 were driven by the re-organisation of the Elenia Group structure at the beginning of 2013.

For further information please see "*Selected Financial Overview*".

Operating expenses <sup>23</sup> € millions	IFRS	
	2013	2014
Costs of upstream networks	28.0	27.7
Network losses	11.8	11.2
Personnel expenses	8.6	9.0
Materials and service costs	27.7	23.4
Other operating expenses	18.3	17.1
<b>Operating expenses</b>	<b>94.5</b>	<b>88.4</b>

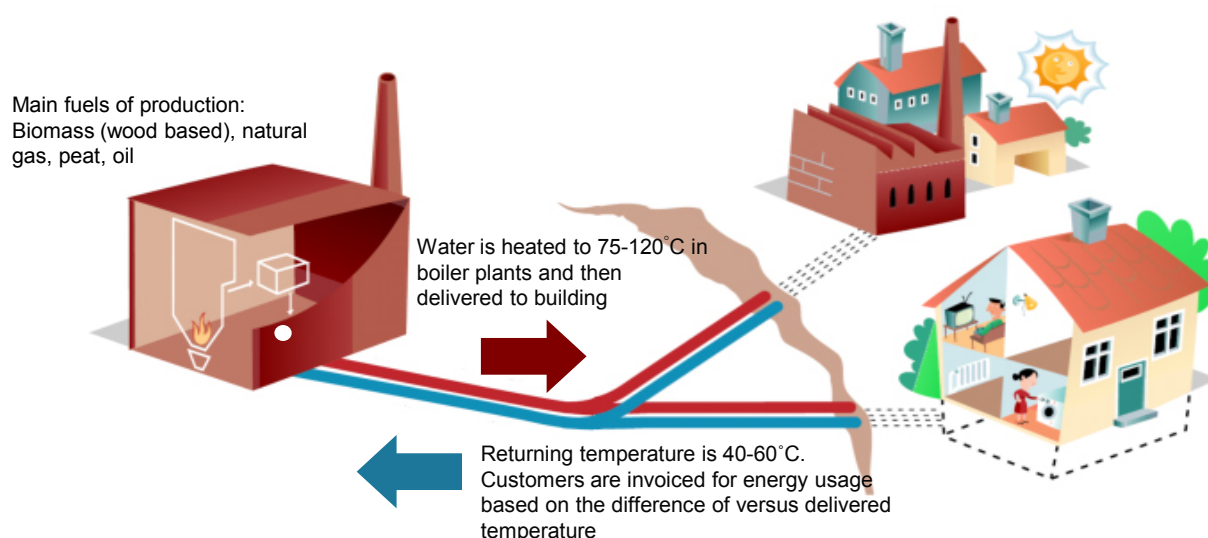
## ELENIA HEAT

### Industry Overview

District heating is a system for distributing heat generated in centralised locations to both residential and commercial customers. District heating is an integral part of the Finnish utility market due to the low temperatures in Finland – average monthly temperatures range from -7 degrees Celsius in the winter months to 16 degrees Celsius in summer.

In a district heating system, heat is produced in large-scale combined heat and power (CHP) plants, heating plants or hot water boilers. Heat is then transmitted via hot water to customers in a closed network of flow and return pipes. Customer premises are fitted with heat exchangers for heating and hot water. Once the heat of the water has been released into customer premises, the water cools and is directed back to the production plant for reheating. Customers are invoiced for energy usage based on the difference in water temperature from when it was delivered to the premises and when it returns to the plant.

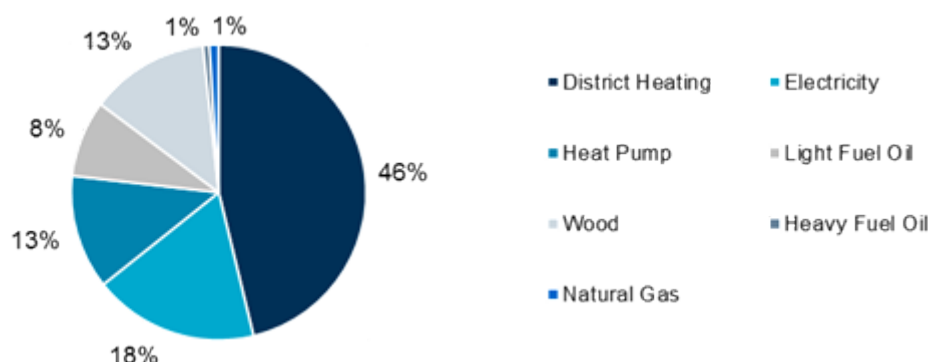
There were more than 100 district heating companies in Finland at the end of 2014.<sup>24</sup> Unlike the electricity distribution network business of Elenia Networks, the district heating operations are not subject to any sector-specific regulation.



<sup>23</sup> Totals may vary due to rounding. Source: Elenia Networks

<sup>24</sup> Source: [http://energia.fi/sites/default/files/district\\_heating\\_in\\_finland\\_2014\\_web\\_.pdf](http://energia.fi/sites/default/files/district_heating_in_finland_2014_web_.pdf)

## Market share of heating sources in Finland as of December 2014<sup>25</sup>



Elenia Heat's management considers district heating to be cost efficient, reliable and environmentally-friendly, compared to alternative solutions. This makes district heating the most competitive solution for many customers, resulting in a low churn rate and stable customer base. In terms of market share of possible heating choices in Finland, as at 2014, district heating accounted for a 46% share<sup>26</sup> nationally. In largest towns district heating's market share is over 90%.

District heating is available mainly in urban areas where there is a high density of customers. In these areas district heating is the dominant heating solution. Over 90% of apartment blocks, more than half of all terraced houses, and the majority of public buildings and business premises in Finland are connected to a district heating network<sup>27</sup>.

### Business Overview

Elenia Heat is Finland's second largest private seller of district heating and the eighth largest district heating seller overall<sup>28</sup>. In 2014, the company's sales volume totalled 1.06 terawatt hours (TWh). Elenia Heat primarily produces its own heat generated by wood, peat, natural gas and oil. Elenia Heat purchases approximately 30% of its total heat sales requirement from third party companies, including energy companies and local industry<sup>29</sup>. The business is well established and an integral part of the Finnish utility market in the regions it serves. Elenia Heat owns and maintains 16 district heating networks across Finland, primarily in the Häme and Keski-Suomi regions:

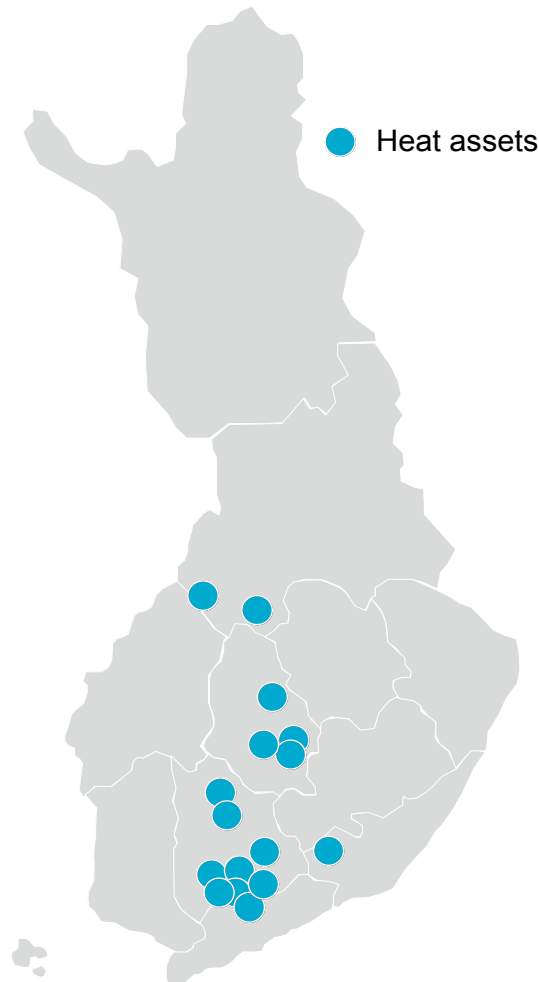
<sup>25</sup> Source; Statistics Finland

<sup>26</sup> Source: Finnish Energy ([www.energia.fi](http://www.energia.fi))

<sup>27</sup> Source: Finnish Energy ([www.energia.fi](http://www.energia.fi))

<sup>28</sup> Source: Finnish Energy ([www.energia.fi](http://www.energia.fi))

<sup>29</sup> Source: Elenia



A small portion of Elenia Heat's business includes the sale and distribution of natural gas. In addition, Elenia Heat can opportunistically generate and sell electricity in certain market conditions through its combined heat and power plant in Vanaja. These businesses are small and made up 9% and 2% of revenues, respectively in 2014.

Elenia Heat was awarded the Fair District Heating Company of the Year in September 2011. This award is given to companies whose operations are open, fair, development-oriented and informative.

### Key Strengths

Elenia Heat has a number of key credit strengths. These are outlined below:

1. ***District heating is well established and an integral part of the Finnish energy market.*** In 2014, district heat accounted for 46% of heating in Finland<sup>30</sup>. As a heating solution it is reliable and well known, cost efficient, and challenging to replace. Most alternative heating sources face either long term upward cost pressure, high installation costs and/or environmental challenges.
2. ***An embedded customer base and very low bad debt rates.*** Elenia Heat benefits from a steadily growing customer base with very limited customer churn. Its market share is concentrated in the sectors with limited alternative heating options.
3. ***Strong and predictable financial performance.*** Elenia Heat is a stable, defensive and cash generative subsidiary of the Elenia Group. This included €20.4 million of EBITDA in 2014.

<sup>30</sup> Source: Finish Energy ([www.energia.fi](http://www.energia.fi))

4. **Pricing flexibility.** Elenia Heat is able to, and has historically, passed on fuel price increases to customers. Its average district heating price increases are in line with average district heating pricing increases across Finland.

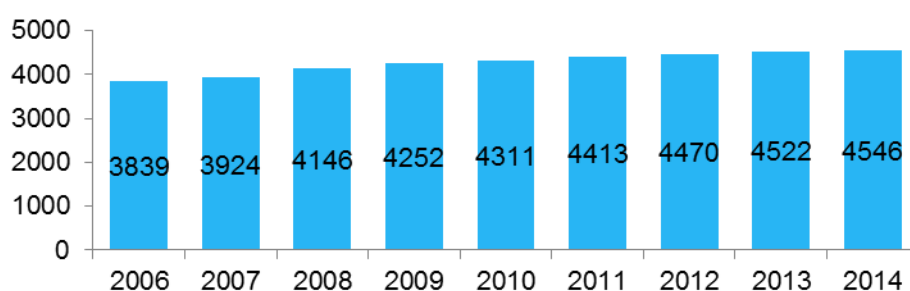
### Customer Base

Elenia Heat has a stable customer base with very low bad debt rates. Bad debt rates were 0.02% in 2010, 0.13% in 2011, 0.02% in 2012, less than 0.01% in 2013 and less than 0.02% in 2014. Elenia Heat currently has approximately 5,000 customer contracts and serves approximately 85,000 end-users<sup>31</sup>.

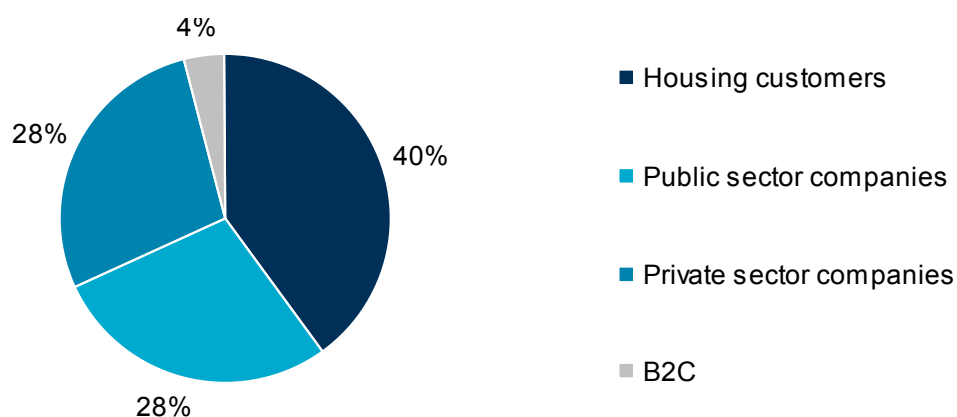
The company's largest customers (by volume) are: (i) municipalities; (ii) municipally-owned housing companies; and (iii) other housing companies. Elenia Heat's other customers include state-owned, commercial and industrial properties. In addition, Elenia Heat has 355 customers utilising its gas networks in the Häme region, most of which are industrial customers.

The diagrams below demonstrate the customer breakdown of Elenia Heat's business:

#### Number of district heating customer contracts (2006-2014)



#### Share of heat sales (volume) by customer group 2014



<sup>31</sup> Source: Elenia Heat

## Fuel and Heat Supply

One of Elenia Heat's primary business considerations is the fuel it uses to generate heat – both from a cost management and fuel supply perspective. The primary fuel types used by Elenia Heat are as follows:

- *Wood and peat* represented 85% of fuel volume used in 2014: Elenia Heat has framework agreements covering all biofuel needs in place with up to five major suppliers, of two to four years' duration. The framework agreements will increase direct deliveries to power and heat plants instead of storages. The annual volumes and price levels are agreed in advance, enabling Elenia Heat to manage its on-going and future costs accurately. In addition, Elenia Heat also opportunistically buys smaller quantities of fuel from other suppliers<sup>32</sup>.
- *Natural gas* represented 14% of the fuel volume used in 2014: Elenia Heat purchases its natural gas from Gasum on fixed public tariffs that are normally valid for three-year periods<sup>26</sup>.
- *Oil* represented 1% of the fuel volume used in 2014: Elenia Heat limits the use of oil to its peak capacity boilers during cold winter periods, and for reserve capacity boilers when performing routine maintenance of base load capacity boilers<sup>26</sup>.

Elenia Heat seeks to be environmentally conscientious and has focused on increasing the proportion of renewable fuels (such as wood) it uses for heat generation – currently, more than 60% of its consumption is renewable fuel. The average biofuel share of heat production in Finland was 31% in 2014<sup>33</sup>. The average carbon dioxide emissions per unit of energy generated by Elenia Heat has declined over time from 230 grams per kilowatt-hour (g/kWh) in 2009 to 120 g/kWh as of 2014<sup>34</sup>.

## Capex Summary<sup>35</sup>

Capex	IFRS	
€ millions	2013	2014
Maintenance Capex	2.6	4.0
Growth Capex	1.7	1.3
Other Capex	1.4	7.5
<b>Total</b>	<b>5.7</b>	<b>12.8</b>

The main driver for capex spend is the equipment maintenance cycle of Elenia Heat. Maintenance Capex consists of replacing existing heating networks and boiler houses. This can vary year on year but is typically stable, as evidenced over the historic period.

Elenia Heat's Growth Capex is primarily driven by the building costs of new district heating network connections to new customers according to new customer contracts.

Other Capex consists mainly of update/replacement investments of production capacity (such as replacing a fossil fuel boiler with a bio boiler), and includes IT related investments. In 2009, major investments included an upgrade of Elenia Heat's Vanaja power plant. In 2014 Elenia Heat completed a 10 MW bio boiler investment of €6.3 million in the Turenki plant.

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<sup>32</sup> Source: Elenia Heat.

<sup>33</sup> Source: Finnish Energy Statistics 2013.

<sup>34</sup> Source: Elenia, Finnish Energy.

<sup>35</sup> Other Capex is shown as a net figure, i.e. after state investment subsidies. Source: Elenia Heat.

<b>Operating Costs<sup>36</sup></b>	<b>IFRS</b>	
<b>€ millions</b>	<b>2013</b>	<b>2014</b>
Fuel Expenses	43.9	44.5
Administrative Expenses	6.5	5.8
Operating Expenses	5.9	6.0
<b>Total Costs</b>	<b>56.3</b>	<b>56.3</b>

Fuel Expenses are the main driver of operating costs for Elenia Heat. Other Operating Expenses include distribution costs and other operating costs. Salary costs are the primary component of Administrative Expenses.

## **FURTHER DETAILS ON THE ELENIA GROUP**

### **Occupational Health and Safety**

The Elenia Group's health and safety policy stipulates that its employees and business partners must be provided the opportunity to work in a safe, healthy and motivating work environment. In addition to complying with laws, regulations, codes of practice and industry standards, the Elenia Group promotes a culture of occupational health, wellbeing and safety in all of its activities by setting goals, targets and action programmes in accordance with the spirit of continuous improvement. In 2014 Elenia's personnel continued to receive regular safety training. Elenia Networks carried out a total of 99 safety walks (i.e. safety reviews) at its construction sites during 2014.

Both Elenia Networks (initially in 2009) and Elenia Heat (initially in 2010) continue to be certified according to OHSAS18001.

The Elenia Group monitors the fulfilment of its own and its partners' safety objectives – monitoring accidents, close call incidents and safety risks with the aim to learn from those within the partner network and to take steps to mitigate future incidents. All employees receive regular safety training and attendance is recorded. In the past three years the Elenia Group's personnel sustained no recorded accidents in 2014, two recorded accidents in 2013 and four recorded accidents in 2012.

### **Environment**

The most significant environmental aspects of Elenia Group's operations are land-use, the protection of soil and water areas, waste handling, protection of bio-diversity, the control of greenhouse emissions and material and energy efficiency. In line with its strategy, the Elenia Group takes safety and the environment into consideration in all decision-making, including through the development and use of its Environmental Policy for sustainable development. Since 2005, Elenia Networks has been certified as having an ISO 14001 Environmental Management System, and the Elenia Group continues to monitor and ensure compliance with such certification as at the date of this Prospectus.

Elenia Networks' environmental efforts in 2014 included the following:

- promoting energy efficiency among customers;
- reducing the energy used by its electrical equipment and business premises;
- implementing electronic invoicing and contracts, and use of electronic signatures for connection and land use agreements;

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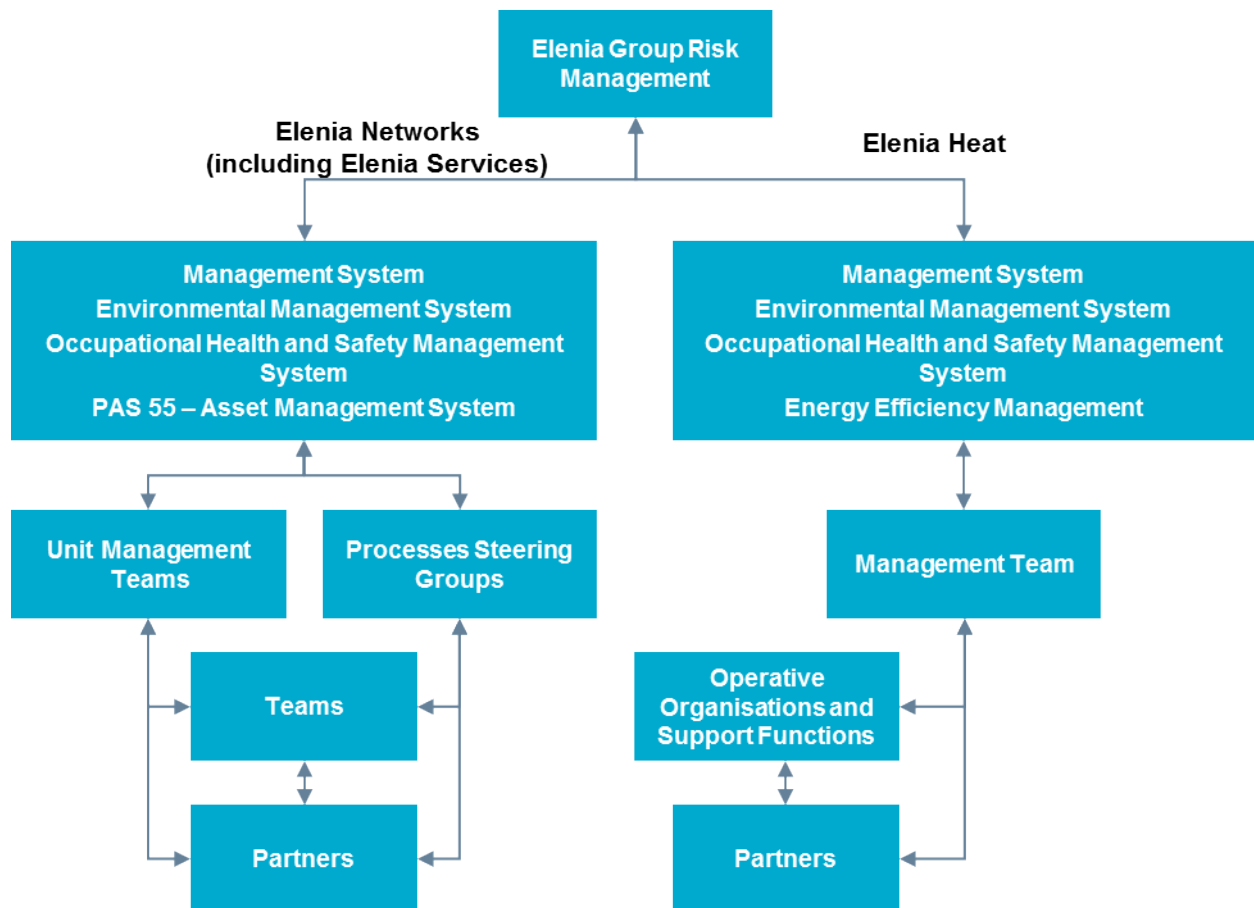
<sup>36</sup> Source: Elenia Heat.

- promoting biodiversity in power line zones in cooperation with municipalities and agricultural entrepreneurs;
- promoting the flexible connection to the network of new environmentally friendly and decentralised electricity generation;
- installing oil rinks and outdoor transformer substations to mitigate the oil hazards of oil-insulated transformers and power grid components;
- including environmental assessments in network investment projects in the form of project-specific environmental surveys;
- survey and consideration of historical relics and traditional rural biotopes during network investment projects to begin planning for future upgrades;
- developing a recycling system for materials returned from the network and a gapless recycling process;
- affixing more power line marking balls to reduce bird strikes, added to the network in cooperation with birdwatchers and BirdLife Finland; and
- developing surveys, remediation plans and clean-up of contaminated land areas in accordance with planned procedures.

## **Risk Management**

Within the Elenia Group, the Legal Affairs and Risk Management function is responsible for coordinating risk management. This includes the identification, prioritisation and mitigation of risks in cooperation with business units and other corporate functions of Elenia Networks, Elenia Heat and Elenia Services. The Legal Affairs and Risk Management function also works in close cooperation with the Finance function in regard to the insurance policies of the Elenia Group and for handling claims made under such insurance policies through the services of an insurance broker. Elenia Networks' Board of Directors has an overall supervisory role in respect of risk management. The Management Teams of Elenia Heat and Elenia Services report to their respective Board of Directors.





## **Insurance**

The Elenia Group's Finance function (supported by an internationally recognised and appropriately qualified insurance broker) provides insurance and claims handling services to the Elenia Group through the services of an insurance broker and in cooperation with the Elenia Group's Legal Affairs and Risk Management function, arranging both annual and multi-year insurance programmes. The insurance programme is renewed on an annual basis. Accordingly, the term of the current programmes ends on 31 December 2016, except for the environmental impairment liability insurance, the term of which ends on 9 February 2018. The current programme includes the following insurance policies for the Elenia Group (all subject to relevant limits and deductibles): property damage/business interruption, general and products liability, directors' and officers' liability, crime, environmental impairment liability insurance, statutory environmental insurance, business travel, motor insurance and workers compensation insurance. In addition Elenia Heat has an anti-terrorism insurance coverage for the Vanaja power plant.

## **Personnel Matters**

As at 31 December 2014, Elenia Networks had 293 full time employees, 86% of whom were permanent while 14% were temporary or employed on fixed-term contracts. The average age of employees at Elenia Networks was 39 years. As at 31 December 2014, Elenia Heat had 90 full time employees, 100% of whom were permanent. As at 31 December 2014, the average age of employees at Elenia Heat was 45 years.

The Elenia Group is an active member of the Finnish Energy, an organisation which, in addition to other tasks, develops the labour market policy for the energy sector and represents all energy companies. This organisation is responsible for the management of collective agreements for the employees of its member companies.

Collective agreements have two primary purposes: (i) to guarantee a minimum level of working conditions (e.g. wages and working time); and (ii) to facilitate stability in labour relations. Collective agreements are normally fixed-term agreements and the most common term is two or three years.

Collective agreements that are verified as 'generally applicable' also apply to employers who are not members of any employer's union. If such a generally applicable agreement is in place, an employer in the sector covered by such agreement shall at a minimum observe the provisions of such generally applicable collective agreement governing the terms of employment and working conditions of the relevant types of employees (or nearest comparable employees). Any term of an employment contract that is in conflict with an equivalent term in the generally applicable collective agreement is void, and the equivalent provision in the generally applicable collective agreement shall be observed instead. It should be noted that only the employer is liable to observe the collective agreement on the basis of its general applicability.

Currently, the following collective agreements managed by the Finnish Energy have been verified as generally applicable: Electrical Engineering – Energy – ICT – Network Collective Agreement (1 October 2014-31 January 2017); Energy Industry Officials' Collective Agreement (1 October 2014-31 January 2017); and Energy Industry Higher Officials' Collective Agreement (1 October 2014-31 January 2017).

## **Pensions**

Pension arrangements are categorised as "defined benefit plans" or "defined contribution plans".

Under defined contribution plans, the Elenia Group pays fixed pension contributions based on the Finnish Statutory Employment Pension Scheme (*TyEL*) which is an earnings-related pension system financed mainly through employer and employee contributions. Both the employer and the employee pay a pension contribution calculated on the basis of the employee's gross salary. The employer

withholds the employee's share of the contribution from the employee's salary and pays the entire pension contribution to the pension provider. Earnings related to pensions collected in the private sector are mainly handled by authorised pension insurance companies, pension funds and pension foundations. Such pension providers are responsible for awarding and paying out earnings-related pensions to employees. Payments relating to defined contribution pension plans are recognised in the income statement under personnel expenses for the period in which they are due.

For defined benefit plans, pension costs are assessed using the projected unit credit method. The cost of providing pensions is recorded on the income statement so as to spread the service cost over the service lives of employees. The defined benefit obligation is calculated annually on the reporting date and is measured as the present value of the estimated future cash flows. The company applies the new IAS 19 standard to calculations of defined benefit pension plans.

Under the new standard, all actuarial gains and losses are recognised in the period in which they occur in total in other comprehensive income and the net defined benefit liability or asset is presented in full on the balance sheet. The expected return on plan assets is calculated using the same discount rate as applied for the purpose of discounting the benefit obligation to its present value. Current and past service costs as well as net interest on net defined benefit liability is recorded in profit or loss. Items arising from the re-measurement of the net defined benefit liability are recognised in other comprehensive income.

As at 31 December 2014, the liability in respect of pensions on the balance sheet of the Elenia Group was €1,335,000.

## **Elenia Services**

The customer service business of Elenia Networks was incorporated into a separate legal entity by way of a business transfer which became effective from 1 January 2015. Elenia Networks established Elenia Palvelut Oy (**Elenia Services**), being a wholly owned subsidiary of Elenia Networks and registered on 10 December 2014, as the new legal entity to assume the customer service business of Elenia Group after the business transfer. Elenia Services will provide customer services to Elenia Group, such as frontline customer service, end customer invoicing and payment surveillance as well as electricity market message exchange. Until January 2016, Elenia Services has provided transitional customer services to Vattenfall Oy and will continue providing certain customer service related services to Vattenfall Oy also during the first half of 2016. Elenia Services may also offer energy and utility business related customer services to other third parties from time to time. On 23 December 2014, Elenia Services acceded as an Obligor, Guarantor and a member of the Security Group to, *inter alia*, the CTA and the STID in accordance with the terms of the Finance Documents, and granted security over its assets in favour of the Security Trustee.

## **Transitional Services Agreements**

Following the Acquisition, Elenia Networks and Vattenfall entered into transitional services agreements, under which respective services were provided by both parties to the other for a limited period of time in order to facilitate the separation of the businesses after the Acquisition. The transitional services agreements expired in January 2016. Elenia Group and Vattenfall Oy have agreed on a temporary service agreement whereby Elenia Services will continue to provide certain services (mainly customer invoicing and payment surveillance) to Vattenfall Oy.

## OWNERSHIP

### Ownership

At the time of the Acquisition from Vattenfall in 2012, LNI was indirectly owned by a consortium consisting of Ilmarinen Mutual Pension Insurance Company (10%, **Ilmarinen**), 3i Networks Finland LP (45%, **3iNF**) and GS Global Infrastructure Partners II L.P. and GS International Infrastructure Partners II L.P. (together 45%, **GSIP**).

See above "*Structure Diagram*" for a diagram of the group structure post-refinancing.

### Ilmarinen

Ilmarinen is a Finnish based pension insurance company, with investment assets totalling €34.2 billion (as of 31 December 2014). Ilmarinen seeks to safeguard the statutory pension provision of those employees and self-employed persons it insures and to manage the investment assets that cover future pensions. To achieve this, it has a diverse investment portfolio comprising Finnish and international shares, bonds and other instruments, real estate, private equity funds, unlisted shares and hedge funds.

### 3iNF

3iNF is managed by 3i Investments plc, part of 3i Group plc. 3i Group plc is a leading international investor focused on infrastructure, mid-market private equity, and debt management; as at 30 September 2015 3i Group plc had total assets under management of £13.5 billion. 3i Group plc is listed on the London Stock Exchange.

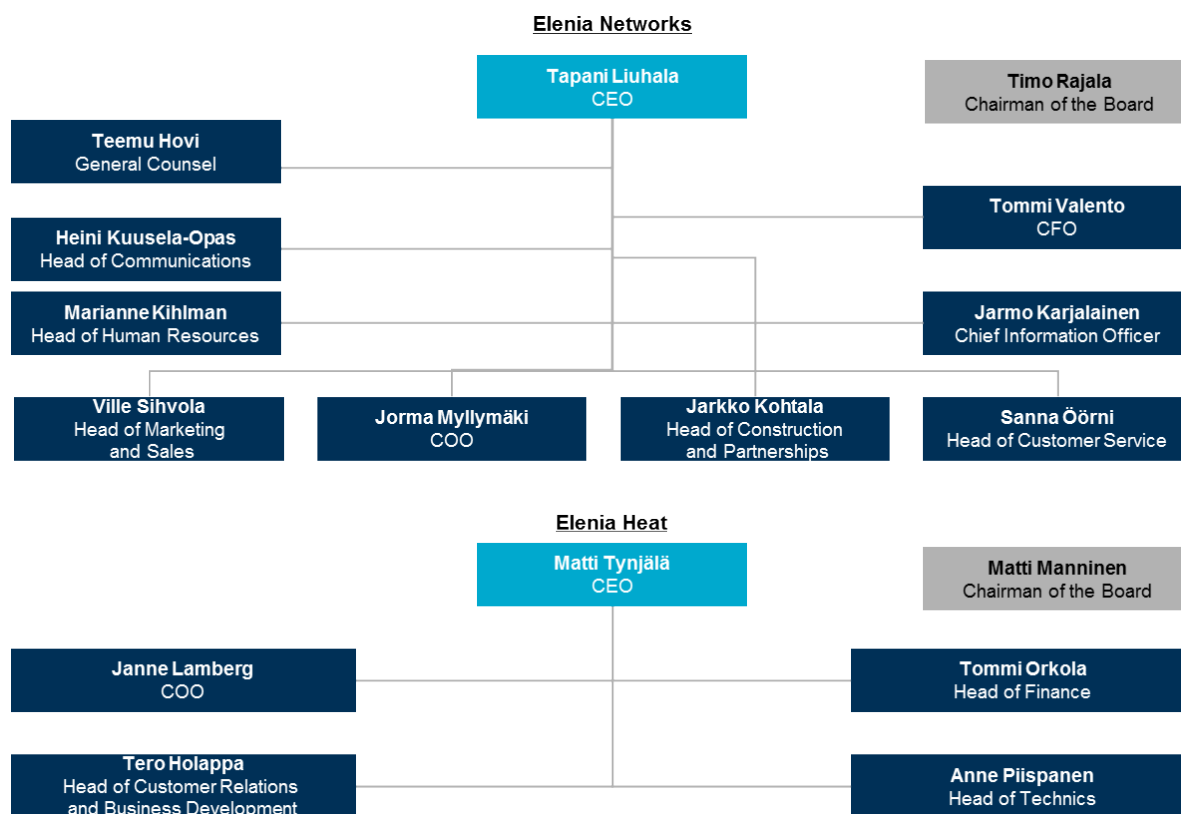
### GSIP

GSIP is part of a series of funds managed by Goldman Sachs & Co. and its affiliates to make investments in infrastructure and infrastructure-related assets and companies. GSIP was raised in 2010 with U.S.\$3.1 billion of commitments. Other investments to date include Redexis Gas T&D (Spain), Red de Carreteras de Occidente (Mexico), Japan Renewable Energy (Japan) and Metropistas (Puerto Rico) and DONG Energy (Denmark).

## MANAGEMENT TEAM

### Executive Management

The Elenia Group benefits from an executive management team with over 300 years of combined relevant experience in the utilities sector. Elenia Networks, Elenia Heat and Elenia Services each have a separate Board of Directors, Chief Executive Officer and Executive Management team. The Board of Directors oversees the administration of the company and the appropriate organisation of its operations. The Board of Directors is also responsible for the appropriate control of the company accounts and finances. Each Chief Executive Officer is appointed by, and reports to, the Board of Directors and has the mandate to run the relevant executive management team and the general day-to-day business operations in accordance with the instructions and orders given by the Board of Directors. However, decisions in relation to exceptional matters remain under the direct control of the Board of Directors. An Executive Management team is in place at each of Elenia Networks and Elenia Heat and consists of the heads of business and other units and handles the operational-level day-to-day business of these companies, and reports directly to the respective Chief Executive Officer. In addition, the Elenia Group has a coordination team which focuses on group-level functions in relation to finance, human resources, IT, communications, legal affairs and risk management and other shared interests. The senior management organisations of each of Elenia Networks and Elenia Heat are shown in the charts below:



The CVs of the Executive Management of the Elenia Networks are as follows:

<p>Tapani Liuhala</p> <p><i>Chief Executive Officer</i></p>	<p>Tapani joined the company in 1990 and is the CEO of Elenia Networks and is a member of the Elenia Networks Board. Tapani is also the Chairman of the Board of Directors of Kiinteistö Oy Forssan Aleksi 6 and a member of the Board of Financelitas Oy. Tapani held various managerial positions at Vattenfall Verkko Oy including Head of Networks Finland, Assistant Managing Director and Manager of Customer Relations. Tapani holds a Bachelor of Science in Electrical Engineering.</p>
<p>Tommi Valento</p> <p><i>Chief Financial Officer</i></p>	<p>Tommi joined the company in August 2015 and is the CFO and member of the Elenia Finance Oy Board. Prior to his role at Elenia Oy, Tommi was Group Treasurer at Pohjolan Voima Oy. Prior to that, Tommi was Head of Debt Advisory for KPMG Oy Ab and has held various roles within the banking industry, most recently at Kaupthing Bank and Pohjola Bank. Tommi holds an M.Sc (Econ) from Aalto University (Helsinki) and an LL.M. (Master of Laws) from Helsinki University.</p>
<p>Jorma Myllymäki</p> <p><i>Chief Operating Officer</i></p>	<p>Jorma joined the company in 2007 and is the COO and is a member of the Elenia Networks Board and Elenia Services Board. Prior to this, Jorma was the Head of Operations and Network Performance at Elenia Networks (2010-2015) and Head of Operations at Vattenfall Distribution Nordic Networks Finland (2007-2010). Prior to joining the company, he held various managerial positions at ABB as Head of Product Management and Global Product Manager (2003-2007), R&amp;D Manager in Sweden (2002-2003) and Development Manager, Site Manager and Program Manager (1997-2002). Prior to that, Jorma was Sales Manager at Otis Oy (1996-1997) and Team Leader, Specialist and Design Engineer at ABB Transmit Oy (1993-1996). Jorma holds a Master of Science in Electrical Engineering.</p>
<p>Sanna Öörni</p> <p><i>Head of Customer Service</i></p>	<p>Sanna joined the company in 2003 and is the Head of Customer Service. Prior to this, Sanna was the Head of Marketing and Sales of Vattenfall Distribution Nordic Networks Finland (2006-2010), Manager of Private Customers BU Vattenfall Distribution Finland (2004-2006) and Manager of Specialist BU Vattenfall Distribution, Finland (2003-2004). Sanna holds a Master of Science in Environmental and Energy Technology.</p>
<p>Ville Sihvola</p> <p><i>Head of Marketing and Sales</i></p>	<p>Ville joined the company in 2004 and is the Head of Marketing and Sales. He was appointed managing director of Elenia Services in 2015. Ville was the Head of Marketing and Sales at Vattenfall Distribution Nordic Networks Finland (2010-2011), Head of Field Services at Vattenfall Distribution Nordic Networks Finland (2009-2010), Manager, Corporate Customers at Vattenfall Distribution Nordic Networks Finland (2007-2009), and held various other positions at BU Vattenfall Distribution Finland. Ville holds a Master of Science in Electrical Engineering.</p>
<p>Jarkko Kohtala</p> <p><i>Head of Construction and Partnerships</i></p>	<p>Jarkko joined the company in 1998 and is the Head of Construction and Partnerships. Jarkko was the Head of Construction and Partnerships at Vattenfall Distribution Nordic Networks Finland (2010-2011), Head of Asset Management at Vattenfall Distribution Nordic Networks Finland (2006-2010), Manager, Network Planning and Maintenance BU at Vattenfall Distribution Finland (2002-2006), Specialist, Network and Energy Data Management at Vattenfall Siirto Oy and Hämeen Sähkö Oy (1998-2002) and System Specialist, Power System Control at IVO Power Engineering Ltd (1996-1998). Jarkko holds a Master of Science in Electrical Engineering.</p>
<p>Teemu Hovi</p>	<p>Teemu joined the company in 2012 and is the General Counsel and Company</p>

<i>General Counsel</i>	Secretary and also serves on the board of Elenia Palvelut Oy. Prior to being appointed General Counsel and member of the Executive Management team of Elenia Networks, Teemu was Group Legal Counsel and Company Secretary at Elenia Networks (2012-2014), Legal Counsel at Renesas Mobile Europe Oy (2011-2012), Associate Lawyer at Attorneys at Law Borenus Ltd (2010-2011), Trainee District Judge at Pirkanmaa District Court (2009-2010) and Associate Lawyer at Hannes Snellman Attorneys Ltd (2008-2010). Teemu holds a LL.M (Master of Laws) and has been trained on the bench.
<i>Company Secretary</i>	
Jarmo Karjalainen	Jarmo joined the company in 1987 and is the CIO. Jarmo was Head of IT at Vattenfall Distribution Nordic Networks Finland (2008-2011), IT Manager at Vattenfall Distribution Nordic Networks Finland and BU at Vattenfall Distribution Finland (2002-2008), IT Manager at Vattenfall Siirto Oy and Hameen Sähkö Oy (1987-2002), IT Development Manager at Nokia Data Oy 1984-1987 and IT System Planner at Nokia Data Oy (1981-1987). Jarmo holds a Master of Science in Electrical Engineering.
<i>Chief Information Officer</i>	
Marianne Kihlman	Marianne joined the company in 2003 and is the Head of Human Resources. Marianne was Head of Human Resources at Vattenfall Distribution Nordic Networks Finland (2006-2011), Manager, Human Resources BU at Vattenfall Distribution Finland (2003-2006), Manager, Human Resources at Infosto Oy (2001-2002), Manager, Human Resources at Infosto Mediat Oy (2000-2001), Manager, Human Resources at Infosto Oy (1998-2000) and Manager, Quality and Personnel Development at Infosto Oy (1995-1997). Marianne holds a Master of Science in Process Engineering.
<i>Head of Human Resources</i>	
Heini Kuusela-Opas	Heini joined the company in 2000 and is the Head of Communications. Heini was Head of Media Relations at Vattenfall Group Communication Finland (2010-2011), Head of Communication BU at Vattenfall Distribution Nordic Networks Finland (2006-2011), Head of Communication BU at Vattenfall Distribution Finland (2004-2006), Vice President Communication Business Group at Vattenfall Nordic, Finland (2004-2005), Communication Manager BU at Vattenfall Distribution, Finland (2002-2004) and Information Officer at Vattenfall Distribution companies, Finland (2000-2002). Heini has also held several communication positions in the public sector and as a journalist. Heini holds a Bachelor of Science in Social Sciences.
<i>Head of Communications</i>	

## **Executive Management – Elenia Heat**

The members of the executive team of Elenia Heat are:

Matti Tynjälä	Matti joined the company in 2000 and is the CEO. Matti was the Area Director, Vattenfall Heat Nordic Finland (2007-2012), Area Manager Vattenfall Heat Nordic Finland (2004-2007) and held several positions at Vattenfall Finland and other energy companies. Matti holds a Master of Science in Electrical Engineering.
<i>Chief Executive Officer</i>	
Tommi Orkola	Tommi joined the company in 2006 and is the Head of Finance. Tommi is a member of the Board of Oriveden Aluelämpö Oy. Tommi was Head of Finance Vattenfall Heat Nordic Finland (2006-2011), Finance Director at Steris Finn-Aqua (2003-2006), Financial Manager at Vogue Group Oy (1998-2003) and Financial Manager at Paletti Oy (1993-1998). Tommi holds a Master of Science in Economics.
<i>Head of Finance</i>	
Janne Lamberg	Janne joined the company in 2006 and is Chief Operating Officer. Prior to this, Janne was the Head of Customer Relations and Head of Middle Finland Area

<i>Chief Operating Officer</i>	(2012-2015). Janne is the CEO and member of the Board of Grean Der Oy. Janne was the Area Director at Vattenfall Heat Nordic Finland (2007-2011), Managing Director at Oriveden Alueämpö Oy (2005-2007), Environmental & Emission Trading Manager at Vattenfall Heat Nordic Finland (2004-2007), Head of Baltic Heat Operations at Vattenfall (2005-2007), Head of Environmental & Emission Trading Consulting team at Empower Oy (2001-2004), Product Specialist at Vattenfall Sähkömyynti Oy (2000-2001) and Project Manager at Vattenfall Kaukolämpö Oy 2000. Janne holds a Master of Science in Environmental Technology.
Tero Holappa <i>Head of Customer Relations and Business Development</i>	Tero joined the company in 2014 and is the Head of Customer Relations and Business Development. He was Manager of Elenia Lämpö Oy (2014-2015). He was Business Manager, Sales Manager and held several Product Marketing positions, including Senior Manager, in various units of Nokia Oyj (1999-2012). Tero holds a Master of Science in Industrial Engineering and Management.
Anne Piispanen <i>Head of Technics</i>	Anne joined the company in 1999 and is the Head of Technics. Anne was the Managing Director at Vamy Oy (2004-2011), Project Manager at Vattenfall Finland (1999-2004), Department Manager at Kvaerner Pulping Oy (1990-1999), Energy Market Specialist of Finnish Trade Association Spain 1998 and Project Manager at ABB (1986-1990). Anne holds a Master in Science of Energy Technology.

#### **Board of Directors – Elenia Networks**

Timo Rajala is Chairman of Elenia Networks. Of the executive team, Tapani Liuhala and Jorma Myllymäki are also members of the Board. CVs for the Board of Directors are as follows.

Timo Rajala <i>Chairman of the Board</i>	Timo joined the company in 2012 and is the Chairman of the Board. Timo is the CEO of Rajalimes Oy, is the Chairman of the Board of FinNuclear Oy and the Chairman of FinNuclear ry, and is a member of the Board of Ilmatar Windpower Plc. Prior to joining the company, Timo was President and CEO of Pohjolan Voima Oy (1992-2010), Director and manager of Teollisuuden Voima Oy and Pohjolan Voima Oy 1975-1992, Manager of Ekono Oy (Pöyry) (1973-1975). Timo was also previously Chairman of the following Boards: Teollisuuden Voima Oy (1992-2010) and Fingrid Oy (1996-2010). Timo was also a member of the following Boards: Savon Voima Oy (2000-2012) and Empower Oy (1995-2002) and (2010-2012). Timo holds a Master of Science degree in Engineering.
Heidi Koskinen <i>Head of Investment and Financial Administration</i> <i>Ilmarinen Mutual Pension Insurance Company</i>	Heidi joined Ilmarinen Mutual Pension Insurance Company in 1998. Initially she was responsible for setting up and managing the investment accounting, settlement, collateral management and liquidity management functions. She then progressed to her current position as Head of Investment and Financial Administration and is now also responsible for the administration of corporate finance and financial functions. Prior to joining Ilmarinen she worked at SVH Coopers & Lybrand Oy (now PriceWaterhouseCoopers Ltd) as a Risk Management Consultant. Heidi has over 20 years' experience in securities industry and administration functions. She holds a Master of Science degree in Economics from the Helsinki School of Economics.
Kunal Koya <i>Goldman Sachs Merchant Banking</i>	Kunal is a Vice President in the Infrastructure Investment Group within the Merchant Banking Division. He joined Goldman Sachs in 2013. Prior to joining the firm, Kunal worked in the Utilities and Infrastructure team at



Evercore Partners in London. Prior to this, Kunal worked in the Mergers and Acquisitions team at UBS Investment Bank. Kunal earned a BA with First Class Honours in Economics and Management from the University of Oxford.

Peter Lyneham  
*Goldman Sachs  
Merchant Banking*

Peter is a Managing Director in the Merchant Banking Division (MBD). He joined MBD in 2005 in the Infrastructure Investment Group. Prior to that, he worked in the Financing Group as part of the Principal and Structured Finance team in London. Peter joined Goldman Sachs in 1999 as an Analyst in the Advisory Group in Sydney. He was promoted to associate in 2001, vice president in 2004 and was named Managing Director in 2009. Peter serves on the board of Redexis Gas. Peter earned a BCom (Hons) and an LLB from the University of New South Wales in 1998.

Timothy Short  
*3i*

Timothy joined 3i in 2007, where his primary focus is origination, 3i execution and debt financing of infrastructure investments. He has worked on a number of 3i Infrastructure plc's largest investments including the acquisition of Vattenfall AB's Finnish electricity distribution and district heating business; Elgin Infrastructure, its infrastructure junior debt portfolio; Oystercatcher; and ESVAGT. Prior to joining 3i, he was an Associate at RBC Capital Markets, having started his career in the European financial restructuring group at Houlihan Lokey. Timothy has an MA and an MPhil in Economics from St John's College, Cambridge.

Phil White  
*3i Managing Partner  
and Co-Head of  
Infrastructure*

Phil joined 3i in 2007 and is Managing Partner, co-head of Infrastructure and a member of 3i's Executive Committee and Investment Committee. Prior to joining 3i he was Division Director in Macquarie's Infrastructure Funds business where he managed investments in the transport sector. Phil has over 20 years of investment, advisory and finance experience from earlier roles at Barclays and WestLB. Phil leads asset management for the Infrastructure business and holds board positions at Anglian Water Group, Elenia, and the Oiltanking companies within 3i Infrastructure plc. Phil has an MBA from London Business School.

## **Board of Directors – Elenia Heat**

CVs for the Board of Directors of Elenia Heat are as follows.

Matti Manninen  
*Chairman of the Board*

Matti joined the company in 2012 and is the Chairman of the Board. Matti is the CEO of Manpoint Oy, a member of the Board of One1 Oy, Loiste Oy (previously E.ON Kainuu) and Empower Oyj. Prior to joining the company, Matti was Senior Advisor of Pöyry Management Consulting Oy, General Manager of E.ON Suomi Oy and E.ON Finland Oyj, Director of E.ON Nordic, General Manager of Sales Imatran Voima Oy and General Manager of Savonlinna Energy Utility. Matti holds a Master of Science degree in Engineering from the Helsinki University of Technology.

Andrew Cox  
*Director  
3i Infrastructure*

Andrew joined 3i in 2006. He is responsible for the origination of opportunities across a variety of infrastructure sectors. He also oversees 3i Infrastructure's investments in the Anglian Water Group and Cross London Trains. Andrew has over 16 years experience in the infrastructure market, gained at 3i and previously at Ambac and Schroders/Citigroup.

Matteo Botto Poala  
*Goldman Sachs  
Merchant Banking*

Matteo is a Managing Director in the Infrastructure Investment Group in the Merchant Banking Division (MBD) and serves on the Infrastructure Investment Committee. Prior to joining MBD in 2005, he was a member of the Structured Finance team within the Financing Group. Matteo joined

Goldman Sachs in 2001 as an analyst and became a Vice President in 2007. He was named a Managing Director in 2012. Matteo also serves as a director on the boards of Atlantia, a global toll road and airport operator, and Redexis Gas, a Spanish gas transmission and distribution company. Matteo earned a degree in business administration at Bocconi University in Milan, Italy, in 2001.

Mikko Räsänen

*Head of Private Equity*

*Ilmarinen Mutual  
Pension Insurance  
Company*

Mikko joined Ilmarinen Mutual Pension Insurance Company in 1998. His previous positions in the group included: Portfolio Manager for Indirect Real Estate and Analyst, Direct Real Estate, Ilmarinen Mutual Pension Insurance Company and Consultant for Kiinteistötaito Peltola & Co. Ltd. Mikko is also a member of the Advisory Committee in many private equity and infrastructure funds in Europe. Mikko serves on the boards of Osuuskunta KPY, a Finnish industrial owner and investor and KPY Sijoitus Oy. Mikko holds a Master of Science degree in Engineering from the Helsinki University of Technology.

## SELECTED FINANCIAL OVERVIEW

The commentary in this section should be read in conjunction with the 2013 and 2014 financial statements, which are incorporated into this Prospectus by reference. Further details can be found in the section entitled “*Documents Incorporated By Reference*” above.

Entity	Item	Periods ending	Accounting standard
▪ Elenia Oy	Consolidated audited financial statements	2013 and 2014	IFRS

### Basis of Preparation

**Elenia Group consolidated financial statements include Elenia Networks, Elenia Heat and other group operations. Consolidated financial statements have been prepared in accordance with IFRS. Previously, financial statements were prepared in accordance with FAS on a business unit basis. Elenia Group**

Elenia Group uses both revenue and EBITDA<sup>37</sup> as performance indicators of its business operations.

### Summary Financials of the Group (€ millions)

	IFRS	
	2013	2014
<b>Consolidated Revenues<sup>38</sup></b>	<b>296.8</b>	<b>304.4</b>
Elenia Networks EBITDA	121.6	134.1
Elenia Heat EBITDA	18.8	20.4
<b>Consolidated EBITDA<sup>39</sup></b>	<b>152.4</b>	<b>156.2</b>
Consolidated EBITDA margin (%)	51.3	51.3

The financial results of the Elenia Group are predominantly driven by Elenia Networks. In 2014, Elenia Networks accounted for 73% of Elenia Group revenues and 86% of the Elenia Group EBITDA (excluding non-recurring costs).

The Consolidated EBITDA margin of the Elenia Group has been relatively stable at around 50% over the period described above. This primarily reflects the supportive Finnish regulatory framework for electricity distribution. This is explained further in the section entitled “*Selected Aspects of Finnish Regulation Overview*”.

<sup>37</sup> Elenia defines EBITDA as Operating Profit before accounting depreciation

<sup>38</sup> Revenue plus Other Operating Income

<sup>39</sup> 2013 and 2014 Consolidated EBITDA exclude non-recurring and exceptional items 2013 Consolidated EBITDA including non-recurring and exceptional items totals €140.8 million. 2014 Consolidated EBITDA including non-recurring and exceptional items totals €153.9 million. In addition to Elenia Networks’ and Elenia Heat’s EBITDA, “Services”, “Elimination and IFRS adjustments” and “Common Functions” as stated in the financial accounts must be taken into account in computing consolidated EBITDA of 2013 and 2014.

## Elenia Networks

### Volumes (GWh)

	2013	2014
Distribution Volumes	6,228	6,112
Change yoy, %	-2.6	-1.9

### Revenue (€ millions)

	IFRS	
	2013	2014
Distribution Income	199.7	200.7
Connection Fees	10.0	15.2
Other Income	6.5	6.7
<b>Total Revenue</b>	<b>216.1</b>	<b>222.5</b>
Change yoy, %	-2.7	3.0

The majority of Elenia Networks' revenue is generated from the distribution of electricity. This Distribution Income is dependent on both the network tariff and electricity consumption. The tariffs are set in accordance with Elenia Networks' pricing strategy. Elenia Networks has discretion to set prices within of the overall regulatory framework. The regulatory framework is broadly "volume neutral" since any over and under recovery of revenue attributed to volumes can be corrected in subsequent years.

Electricity consumption can vary depending on customer type. The consumption per connection for both households and businesses is heavily dependent on weather conditions and temperature. In addition, the consumption growth for households (as at 31 December 2014, accounting for 40% of delivered electricity volume) is driven by population growth in Elenia Networks' network area, whereas for business customers, services, construction, and industrial sectors (accounting for 60% of delivered electricity volume), economic growth is a key driver.

In addition, Elenia Networks generates regulated revenue through the sale of new network connections and contracting works. Connection Fees are payable for new physical connections to the electricity distribution network and are broadly correlated with macroeconomic development. The number of customers increased from approximately 412,000 in 2013 with approximately 415,000 in 2014<sup>40</sup>. Elenia Networks' contracting works are reflected as 'Other Income'. These are separately invoiced services for customers who require additional works, for example, relocating parts of the network.

In 2013, Elenia Networks' total revenue was 2.7% lower than in 2012 due to lower distribution income as a result of slightly warmer than average weather and lower other income. In 2014 new electricity network connections drove higher sales, helping to increase Elenia Networks' revenue by 3.0%. This was partially offset by the impact of relatively warm weather.

### Operating Costs (€ millions)

	IFRS	
	2013	2014
Upstream Networks Expenses	28.0	27.7

<sup>40</sup> Source: Elenia Networks ([www.elenia.com/en/company/customers](http://www.elenia.com/en/company/customers))

Network Losses	11.8	11.2
Total Non-Controllable Operating Costs (pass-through)	39.8	38.9
Personnel Expenses	8.6	9.0
Materials and Services Expenses	27.7	23.4
Other Operating Expenses	18.3	17.1
Total Controllable Operating Costs	54.7	49.5
<b>Total Operating Costs</b>	<b>94.5</b>	<b>88.4</b>
<i>Change yoy, %</i>	6.9	-6.4

In 2014, Fingrid raised its tariffs by 8% on average. However, due to lower actual distribution volumes, the costs of upstream networks and Network Losses were 2.2% lower than in 2013. These costs are treated as pass-through costs by the regulator so Elenia Networks is able to pass-through increases to customers via increased tariffs.

Materials and services expenses were elevated during 2013 due to the impact of severe adverse weather conditions. In 2013, there were strong storms; one in June and four in November and December. The impact of these strong storms on EBITDA was approximately €13.5 million, of which €11.2 million is classified as exceptional due to the unusual strength of two of the storms. These severe weather events caused materials and services operating costs to be elevated during 2013. In 2014, Elenia Networks' materials and services expenses were 15.5% lower than in 2013, which was primarily driven by fewer storms.

#### ***EBITDA (€ millions)***

	<b>IFRS</b>	
	<b>2013</b>	<b>2014</b>
EBITDA	121.6	134.1
<i>Change yoy, %</i>	-8.9	10.3

In 2013, EBITDA decreased by 8.9% compared to 2012 due to lower revenue and higher operational expenses. In 2014 EBITDA was 10.3% higher than in 2013 as there were no significant weather-related events.

#### ***Capex (€ millions)***

	<b>IFRS</b>	
	<b>2013</b>	<b>2014</b>
Growth Investments	14.1	17.7
Replacement Investments	67.0	82.7
Other Investments	2.7	4.5
<b>Total</b>	<b>83.8</b>	<b>105.0</b>
<i>Change yoy, %</i>	23.6	25.2

Elenia Networks' total capex is primarily driven by Replacement Investments and Growth Investments.

Replacement Investments increased in 2013 and 2014 due to accelerated investment in underground cabling to weather-proof the network.

In 2013 and 2014, Other Investments included upgrade of the IT operating system.

## Elenia Heat

### *Volumes (GWh)<sup>41</sup>*

	IFRS	
	2013	2014
<b>Heat Volumes</b>	899	893
<b>Electricity Volumes</b>	51	53
<b>Gas Volumes</b>	112	110

### *Revenue (€ millions)<sup>42</sup>*

	IFRS	
	2013	2014
<b>Energy Sales</b>	72.4	73.5
<i>Change yoy, %</i>	-2.2	1.4
<b>Connection Fees</b>	0.6	0.6
<b>Other Operating Income</b>	2.1	2.6
<b>Total revenue</b>	75.1	76.6
<i>Change yoy, %</i>	-5.3	2.1

Revenues for Elenia Heat are primarily driven by the sale of heat. Demand for heating is predominantly driven by weather conditions. Revenues increased in 2014 due to an increase in the average price of heat sold and positive customer growth.

### *Operating Costs (€ millions)*

	IFRS	
	2013	2014
<b>Fuel Expenses</b>	43.9	44.5
<b>Operating Expenses</b>	5.9	6.0
<b>Administrative Expenses</b>	6.5	5.8
<b>Total Operating Costs</b>	56.3	56.3
<i>Change yoy, %</i>	-3.6	0.0

Elenia Heat's operating costs are largely driven by fuel expenses, of which there are three components: fuel prices, fuel mix, and demand for heat (i.e. fuel required to meet heat demand). Fuel expenses have generally mirrored heat sales as Elenia Heat is generally able to pass changing fuel costs on to customers through prices. In 2014, Elenia Heat was able to hold total operating costs to the same level as the previous year.

<sup>41</sup> Source: Elenia Heat

<sup>42</sup> From 2012 the financials represent Elenia Oy's consolidated accounts

### **EBITDA (€ millions)**

	IFRS	
	2013	2014
EBITDA	18.8	20.4
Change yoy, %	-10.0	8.5

Elenia Heat's EBITDA increased in 2014 primarily due to revenue growth and an improvement in production efficiency for internal generation. Gross margin (defined as energy sales minus fuel expenses) increased as fuel cost increases were passed on to customers.

### **Capex (€ millions)<sup>43</sup>**

	IFRS	
	2013	2014
Maintenance Capex	2.6	4.0
Growth Capex	1.7	1.3
Other Capex	1.4	7.5
<b>Total Capex</b>	<b>5.7</b>	<b>12.8</b>
Change yoy, %	42.5	124.5

Elenia Heat's total capex is typically driven by the equipment maintenance cycle. The equipment maintenance capex cycle requires Elenia Heat to replace and maintain the heat boilers and district heating network on a periodic basis. The costs in each year are driven by the number of boilers and pipes scheduled for maintenance, but are generally stable over time. Growth Capex is primarily driven by the costs of new district heat network connections to new customers.

Other Capex mainly comprises efficiency investments in heat boilers, but also IT-related investments. In 2014 Elenia Heat completed a new 10 MW bio-boiler investment project of €6.5 million in the Turenki plant.

### **Company History**

The current Elenia Group comprises Elenia Oy (**Elenia Networks**) as the parent company and its 100% owned subsidiaries Elenia Lämpö Oy (**Elenia Heat**) and Elenia Palvelut Oy (**Elenia Services**). Elenia Networks and Elenia Heat, as they stand today, are the result of a corporate reorganisation of the existing businesses, primarily as a result of the Acquisition by LNI Acquisition Oy on 10 January 2012.

In order to prepare for the sale of the businesses which are now Elenia Networks and Elenia Heat, the company (then named Vattenfall Oy) underwent a demerger on 31 December 2011 to create, among other companies (the remaining companies resulting from the demerger were not part of those businesses), the two new holding companies of (i) Vattenfall Oy (a new company, which later changed its name to LNI Group Oy and then to Elenia Asiakaspalvelu Oy) – to hold the shares in Vattenfall Verkko Oy – and (ii) Vattenfall Lämpö Holding Oy (which later changed its name to LNI Lämpö Holding Oy, before merging into Elenia Heat) – to hold the shares in Vattenfall Lämpö Oy.

On 10 January 2012, LNI Acquisition Oy (a newly created company, incorporated on 2 December 2011 to be a holding company) acquired all of the shares of each of Vattenfall Oy and Vattenfall Lämpö Holding Oy.

<sup>43</sup> Other Capex is shown as a net figure, i.e. after state investment subsidies

In order to finalise the new corporate structure, a series of mergers occurred within the new group (with LNI Acquisition Oy as the immediate parent of that new group) with mergers taking place on: (a) 31 August 2012 (the merger of LNI Lämpö Holding Oy into its subsidiary, Elenia Heat), (b) 31 December 2012 (the merger of Elenia Asiakaspalvelu Oy into its holding company, Elenia Networks) and (c) 1 January 2013 (the merger of both Elenia Verkko Oy and its wholly owned subsidiary Asikkalan Voima Oy into the immediate parent of Elenia Verkko Oy, Elenia Networks).

The below is a description of the corporate history of each of Elenia Networks, Elenia Heat, Elenia Services and the Issuer:

**Elenia Networks** was incorporated on 2 December 2011 as LNI Acquisition Oy, and changed its name to Elenia Networks on 17 September 2012. It is the resulting company from the following mergers:

- (a) On 1 January 2013, it merged with **Elenia Verkko Oy**, the wholly owned subsidiary of Elenia Networks. Elenia Verkko Oy was incorporated on 1 January 2004 as Vattenfall Verkko Oy, and changed its name to LNI Verkko Oy on 24 January 2012, before changing its name to Elenia Verkko Oy on 23 May 2012. Elenia Verkko Oy (then known as Vattenfall Verkko Oy) merged with its wholly owned subsidiary, **Kalajoen Sähkö Oy** on 31 December 2011. Kalajoen Sähkö Oy was incorporated on 29 November 1912.
- (b) On 1 January 2013, it also merged with **Asikkalan Voima Oy**, the wholly owned subsidiary of Elenia Verkko Oy. Asikkalan Voima Oy was incorporated on 20 December 1995 and had, since 28 August 2012, been wholly owned by Elenia Verkko Oy. Elenia Verkko Oy (then Vattenfall Verkko Oy) had previously acquired only 50% of the shares in Asikkalan Voima Oy on 1 January 2004; and
- (c) On 31 December 2012, it merged with **Elenia Asiakaspalvelu Oy**, a sister company of Elenia Oy which owned all of the shares in Elenia Verkko Oy. Elenia Asiakaspalvelu Oy was incorporated on 31 December 2011 as Vattenfall Oy following the demerger of an entity previously known as Vattenfall Oy. It changed its name to LNI Group Oy on 24 January 2012, and further changed its name to Elenia Asiakaspalvelu Oy on 23 May 2012.

**Elenia Heat** was incorporated on 29 March 1995 as Toijalan Kaukolämpö Oy with the main purpose of providing district heating in Finland. On 20 December 2007 it changed its name to Vattenfall Lämpö Oy. On 31 December 2010, Vattenfall Jokilaaksojen Lämpö Oy (wholly owned by Vattenfall Lämpö Oy) merged into Vattenfall Lämpö Oy. Vattenfall Lämpö Oy changed its name to LNI Lämpö Oy on 24 January 2012 and further changed its name to Elenia Heat on 23 May 2012. Elenia Heat merged with its holding company, LNI Lämpö Holding Oy, on 31 August 2012. **LNI Lämpö Holding Oy** was incorporated as Vattenfall Lämpö Holding Oy on 31 December 2011, following the demerger of an entity previously known as Vattenfall Oy on 31 December 2011. Vattenfall Lämpö Holding Oy changed its name to LNI Lämpö Holding Oy on 24 January 2012. On 31 August 2012 LNI Lämpö Holding Oy was merged into Elenia Heat. The sole purpose of LNI Lämpö Holding Oy was to be the holding company of Elenia Heat.

The customer service business of Elenia Networks was incorporated into a separate legal entity by way of a business transfer which became effective from 1 January 2015. Elenia Networks established Elenia Services being a wholly owned subsidiary of Elenia Networks, on 10 December 2014 as the new legal entity to assume the customer service business of Elenia Group after the business transfer.

The Issuer, **Elenia Finance Oyj**, was incorporated and registered in Finland on 21 November 2013 as a wholly owned subsidiary of Elenia Networks.



## SELECTED ASPECTS OF FINNISH REGULATION OVERVIEW

### *Background*

Finland's current regulatory regime for electricity markets was developed mainly during the 1990s. This timing puts Finland among the first European countries (together with Great Britain, Norway and Sweden) to open its electricity market to competition, in accordance with the principles of the European Union on free movement of goods, persons, services and capital. In the Finnish electricity market, these principles were gradually implemented through the adoption of the Electricity Market Act in 1995. The Electricity Market Act 1995 (as subsequently amended) did three principal things. First, it liberalised the Finnish electricity market through reducing or completely removing regulations that prevented competition in electricity generation, electricity sales and foreign trade. Second, it regulated, and made subject to licence, the electricity transmission and distribution operations that are natural monopolies. Third, it integrated the Finnish electricity markets into Nordic electricity markets (and subsequently, into Baltic markets). As a result of the adoption of the Electricity Market Act 1995, and since late 1998, all electricity users, including private households, have been able to choose their preferred electricity supplier.

In the summer of 2013, the Electricity Market Act 1995 was updated with the enactment of the EM Act 2013 which came into force on 1 September 2013.

The development of electricity regulation in Finland can be divided broadly into three periods:

- (a) between 1995 and 1999, the electricity wholesale market was liberalised and the Energy Authority (the EA) was established. Regulation was of an ad hoc nature and based on the reasonableness of the distribution pricing. Fingrid (the TSO) was founded and the transmission of electricity was separated from utilities. In addition, a 25% market share limitation of retail customers was implemented for DSOs and in 1998 the retail market in Finland was fully liberalised;
- (b) between 1999 and 2005, regulation was mostly reactive by nature and was based on customer complaints made to the EA. During this period, reasonable return was not monitored on an industry-wide basis. A number of key regulatory principles were developed as the DSOs took the EA's regulatory decisions to court;
- (c) since 2005, regulation has become more formal and proactive and derives largely from the EC legislation, in particular, the EC directives concerning common rules for the internal electricity and natural gas market. The concept of regulatory periods was introduced, the first period having been 2005-2007, the second 2008-2011, the third 2012-2015 and the current fourth being 2016-2019. In 2009, after the adoption of the European Union "Third Energy Package" that consists of two directives and three regulations aiming to make the European Union energy market fully effective and creating a single European Union electricity and natural gas market, Finland initiated a process of reforming the Electricity Market Act 1995 and certain related regulations (the **2013 Reform**). For a further discussion of some of the main objectives of the 2013 Reform, see "*Principles of Electricity Distribution Regulation – Main Objectives of the 2013 Reform*" below.

The liberalisation of the energy market has had a substantial impact on the electricity business in Finland. Today, a major part of the electricity trade takes place on the Nord Pool Spot electricity exchange, one of the world's largest power markets. This exchange was established originally in 1991 and is currently owned by the Nordic and Baltic TSOs. The electricity prices are determined in Nord Pool Spot in day-ahead (Elspot) and intraday (Elbas) auctions. Physically, the generated electricity is delivered through

transmission networks (such as those operated by Fingrid) and then to customers through the regional and distribution networks (such as those operated by Elenia Networks).

### ***Regulation Applicable to Elenia Group***

Elenia Networks' electricity distribution operations are currently primarily governed by the EM Act 2013 and the respective Electricity Market Decree, whereas the distribution and trade of natural gas as operated by Elenia Heat are governed by the Natural Gas Market Act 2000 and the respective Natural Gas Market Decree. The district heat generation, sales and distribution operations of Elenia Heat are not subject to sector-specific regulation. In addition to the above-referred statutes, the operations of both Elenia Networks and Elenia Heat are subject to, among other applicable legislation, the Competition Act, the Consumer Protection Act and certain environmental regulations such as the Environmental Protection Act and the respective Environmental Protection Decree.

### ***Impact on Regulation from Outside Finland***

As a part of the European Union, Finland is obligated to implement EU directives and apply other EU regulations. In connection with the implementation of Directive 2012/27/EU on energy efficiency, the Parliament of Finland approved a new Act on Energy Efficiency along with amendments to certain other legislation. For further discussion, see "Recent Regulatory Developments" below.

In addition to EU level regulation, Nordic energy market authorities have a common objective to increase competition, improve the efficiency of business operations in the market and make it easier for consumers to operate in the electricity market. The Nordic authorities have set a strategy for a harmonised Nordic retail market for years 2015-2018. The recommendations resulting from the strategy aim to harmonise Nordic practices which may have an impact on national regulation, for example, in respect of DSO responsibilities vis-à-vis energy services providers that enter the Nordic market.

### **Regulatory Authorities**

The main regulatory authorities relevant to Elenia Group's operations are the EA and the Finnish Competition and Consumer Agency (the **FCCA**). The role and functions of these authorities are discussed below.

#### ***Energy Authority***

The EA is an independent regulator and acts as the national regulatory authority referred to in the Third Energy Package. It is tasked with the monitoring of electricity and natural gas markets, promoting their functionality, implementing energy policies and supervising emissions trading. The EA is governed by the Act on the Energy Authority.

The EA reports to the Ministry of Employment and the Economy (the **Ministry**) and carries out its tasks in cooperation with the Ministry, the FCCA and certain other authorities. The EA's operations are funded largely through the licence and permit fees collected from the various licence holders. In addition, a considerable part of EA's financing is derived from the government budget.

The operations of the EA are divided into the following six units:

Market Regulation Unit	Network Regulation Unit	Renewable Energy Unit	Emissions Trade Unit	Energy Efficiency Unit	Administrative Services Unit
<ul style="list-style-type: none"> <li>responsible for matters pertaining to the distribution and supply of electricity and natural gas, as well as their production and retail.</li> </ul>	<ul style="list-style-type: none"> <li>responsible for the financial and technical supervision of the electricity and natural gas network operations and for the supervision of the system operations.</li> </ul>	<ul style="list-style-type: none"> <li>responsible for the planning, use and management of the subsidies for electricity produced by renewable energy sources.</li> </ul>	<ul style="list-style-type: none"> <li>responsible for the processing and supervision of emissions trading licences and the management of the emissions trading register.</li> </ul>	<ul style="list-style-type: none"> <li>responsible for measures promoting energy efficiency, such as energy audits and energy labelling, and for energy efficiency related monitoring and reporting at a national level.</li> </ul>	<ul style="list-style-type: none"> <li>responsible for fiscal, personnel and data administration and other services that support the functions of the other units of the EA.</li> </ul>

With respect to the electricity (and natural gas) markets, the duties and powers of the EA have been defined in detail in a separate supervision regime, the Act on Supervision of Electricity and Natural Gas Markets, enacted in connection with the 2013 Reform. Under that Act and the EM Act 2013, the EA has, among others, the following duties:

- a general duty to supervise compliance with the EM Act 2013, the Natural Gas Market Act and the relevant EC legislation governing the common electricity and natural gas market in the EU;
- confirming the pricing methods applicable to the operations of DSOs during each regulatory period, and to supervise compliance with these methods;
- granting the relevant DSO network licences and building permits for the construction of power lines with voltages of 110 kilovolts and higher;
- monitoring, including the duty to monitor: (a) the use of contractual practices within the energy markets; (b) the investments in the electricity generation capacity and their effects on the reliability of the electricity distribution; (c) the level of transparency of the electricity and natural gas markets and compliance by the different actors in these markets with their obligations relating to transparent markets; and (d) the development of supply and demand of electricity and natural gas and the quality and maintenance of the networks to enhance the security of electricity supply; and
- cooperation with other authorities acting within the energy markets, such as the Agency for the cooperation of Energy Regulators (the **ACER**), the European Commission and other regulatory authorities of the European Economic Area.

The EA is further obliged to annually report to the Ministry, the ACER and to the European Commission on its activity and the fulfilment of its duties as a national regulatory authority, covering the steps taken and results obtained as regards its duties.

### ***Finnish Competition and Consumer Agency***

The Finnish Competition Authority and the Finnish Consumer Agency (**FCCA**) is a general supervisory authority which, under the Act on Competition and Consumer Agency, oversees: (a) competition and

consumer policies; (b) the general functionality of the markets; (c) the implementation of the European Union competition laws; and (d) the economic and legal protection of consumers. The FCCA reports to the Ministry.

The Act on Supervision of Electricity and Natural Gas Markets explicitly allows the EA to transfer a matter concerning restrictive practices to the FCCA, the FCCA being correspondingly allowed to transfer matters concerning the EM Act 2013 and the Natural Gas Market Act 2000 to the EA. The FCCA supervises the fulfilment of consumer rights in all energy sectors under the general provisions of the Consumer Protection Act.

The FCCA carries out inspections either on its own initiative or based on complaints received. The FCCA's investigations can cover the operations of a single company or the business activities of a whole industry. The FCCA is also entitled to request information and materials from a company for determining whether it is involved in restrictive practices as set out in the Competition Act. Under the Competition Act, the FCCA may impose a conditional fine on the company in order to ensure compliance with its information requests.

If a company is found to be unlawfully involved in restrictive practices as set out in the Competition Act, the Finnish Market Court may, upon the proposal of the FCCA, impose a penalty payment on such company. The fine can amount to up to 10% of the company's turnover during the year in which it was last involved in the infringement. In addition, the FCCA may order the company to discontinue the unlawful activities and to deliver a product to another company on similar conditions as offered to others in an equivalent position. Also, the company may become liable for damages that the unlawful activities may have caused.

For a discussion of the FCCA's investigations into the district heating industry, see "*District Heating*".

## **Principles of Electricity Distribution Regulation**

### ***General Obligations of DSOs***

The EM Act 2013 provides certain general obligations applicable to DSOs, including obligations to: (a) develop the network; (b) connect consumption sites and power installations; and (c) provide electricity distribution services.

#### ***Obligation to Develop***

The DSO is obliged to maintain, use and develop its network and the connections to other networks based on the requirements governing the operation of the electricity network and the reasonable needs of system users. The electricity system must be designed and constructed in such a way that:

- the network fulfils the requirements that the security of supply and the technical quality of both the electricity transmission and distribution is good;
- the network and network services function reliably and securely in case of customary and expected weather-related, mechanical or other external disturbances;
- the network and network services function as reliably as possible during customary malfunctions and the conditions specified in the Finnish Emergency Powers Act (1552/2011);
- the network functions compatibly with the electricity system as a whole and, where needed, may be connected to another network;

- electricity consumption sites and power generating installations that meet the set requirements may be connected to the network; and
- the DSO is otherwise able to fulfil its obligations set forth in the EM Act 2013.

#### *Obligation to Connect.*

Upon request and in exchange for a reasonable compensation, the DSO has the obligation to connect to the network electricity consumption sites and power generating installations located within its area of operation. The terms and technical requirements for connecting must be equal and non-discriminatory and take into account the reliability and efficiency of the electricity system. Pursuant to an amendment introduced to the EM Act 2013 in connection with the implementation of the Energy Efficiency Act, a DSO must connect the customer to the network within 24 months from the entry into the connection contract provided that the investments required to be made by the DSO for the purposes of such connection may be carried out within the set time limit in a manner reasonable to the DSO and in a non-discriminatory manner towards other network users.

#### *Obligation to Distribute*

The DSO is obliged to sell electricity distribution services in exchange for a reasonable compensation and within the limits of its system capacity.

#### ***Distribution Network Licence***

Operating an electricity distribution network requires a licence issued by the EA. The conditions for granting a licence include that the operator has the technical, economic and organisational resources necessary for conducting the DSO operations. These conditions are considered fulfilled if:

- the operator is either a private company or a public utility;
- the operator's organisation corresponds to the nature and scope of its DSO operations;
- the operator has sufficient staff in its service that correspond to the nature and scope of its DSO operations;
- the operator has an operating manager and, if the operator conducts electrical works, also a manager of electrical works who meet the eligibility requirements set out in the Finnish Electrical Safety Act;
- the operator meets the economic pre-requisites for conducting profitable DSO operations;
- the operator has the right to decide on the resources required for the operation, maintenance and development of the network and has the powers to enter into connection and electricity agreements with the users of the network; and
- if the operator conducts other operations in addition to the DSO operations, the operator shall have presented an account on the unbundling of these operations as set out in the EM Act 2013.

The licence is in force for an indefinite period unless, in specific situations, the EA orders the licence to be valid for a fixed term. The DSO must comply with the above conditions during the period that the licence remains in force. As part of the licence, the EA may impose further requirements that support the fulfilment of the conditions.

The licence specifies the geographic area of responsibility of the DSO. The licence itself is not transferable.

### ***Key Aspects of Elenia Networks' Licence***

Elenia Networks' distribution network licence was originally granted by the EA to Vattenfall on 9 July 2004. Due to Elenia Group's internal corporate restructuring, Elenia Networks applied for a renewed licence on 28 September 2012. The current licence was granted by the EA on 31 December 2012. At no time, however, did Elenia Networks not have a valid licence. The licence is valid until further notice and specifies Elenia Networks' geographic area of responsibility to cover the former areas of Elenia Verkko Oy and Asikkalan Voima Oy. The licence conditions require Elenia Networks to inform the EA in the event of changes in the area of responsibility, in case the distribution operations grow or in the event of changes in circumstances that have constituted a pre-requisite for obtaining the licence.

As part of the implementation provisions of the EM Act 2013, there is a technical requirement for each DSO to renew its licence. Elenia Networks was required to submit a new licence application to the EA by 2 December 2013. The EA has communicated to Elenia Networks that the process to grant licences for DSOs has delayed because of resources issues at the EA. The delays are not caused by DSOs. The EA anticipates that Elenia Networks' new licence will be granted during the first half of 2016. Elenia Networks' current licence continues in force until the EA has made a legally binding decision on Elenia Networks' application. In the implementation provisions of the EM Act 2013, the licence application process was relaxed such that if the DSO did not seek to amend its geographic area of responsibility specified in the current licence, no consultation of the neighbouring DSOs needed to be carried out. Elenia Networks is of the view that this renewal process is a technical one and has no reason to believe that it will not be issued with a new licence.

### ***Modification and Revocation of Licence***

The conditions for the licence may generally be modified by the EA only with the consent of the relevant DSO. However, where a modification is necessary due to a decision of an appellate court or significant changes in the relevant legislation or in the DSO's operating conditions, the EA may modify the licence conditions without such consent. Furthermore, the EA may modify the operator's geographical area of responsibility defined in the licence if substantial grounds (including substantial changes in circumstances associated with the geographic area of responsibility) for such modification exist. Subject also to a notice to the EA and to the users that have been connected to the relevant network, the DSO may agree with another DSO to amend the geographic area of responsibility.

The EA may revoke the licence upon the occurrence of any of the following events:

- the DSO discontinues its system operations;
- the DSO no longer meets the conditions for the granting of the licence; or
- the DSO repeatedly and substantially breaches its licence conditions, the provisions of the EM Act 2013 or any rules or orders enacted under it, or the relevant EC legislation, and provided that the licence holder has not rectified its breach regardless of an advance notice on the revocation of the licence.

As at the date of this Prospectus, Elenia Networks is not aware of any DSO's network licence having been revoked by the EA. Should the EA revoke the licence, the EA shall determine the measures that may be necessary in order to ensure that the DSO operations in the relevant geographic area are continued. If there is no agreement regarding the transfer of the network to a new operator, the EA may decide upon the transfer of the licence and the redemption of the network in accordance with the Act on

Redemption of Real Estates and Special Rights. As a rule, the original DSO is entitled to full compensation for the economic loss resulting from such redemption.

### ***Sanctions for Non-Compliance***

The Act on Supervision of Electricity and Natural Gas Markets and the EM Act 2013 impose certain sanctions with respect to non-compliance with applicable electricity regulation. If a DSO conducts operations without a licence or against the terms of its licence, a fine may be imposed on the DSO. If a DSO breaches its relevant statutory obligations, the EA can require the operator to correct such breaching activities or other non-compliance. The EA may impose a conditional fine to ensure compliance with its supervisory decisions. In addition, the EA has the right to perform inspections in operators' premises in order to carry out its supervisory duties.

In addition, the Market Court may, upon the proposal of the EA, impose a penalty payment on a party that either intentionally or negligently violates certain key provisions of the Finnish electricity and gas legislation. These provisions include regulations regarding pricing and the general obligation to develop network quality and security of supply set out in the EM Act 2013. The penalty payment can amount to up to 10% of the DSO's revenue for the last financial year during which the violation has continued. The sanction can also be imposed on an entity to which the relevant DSO operations have been transferred as a result of a corporate transaction.

### ***Main Objectives of the 2013 Reform***

On 1 September 2013, the EM Act 2013 and related regulations and amendments came into force. While the fundamental philosophy of the EA is unchanged, the EM Act 2013 was designed to: (a) generally modernise and clarify the partially outdated legislation to codify into law certain practices already adopted and applied by the EA; (b) transpose into national law the European Union Third Energy Package; (c) improve the security of electricity supply and overall customer service, including quality of service during major weather-related and other disturbances, particularly in rural communities and scarcely populated areas and (d) to meet the increased demands of DSO customers.

### ***Enhanced Quality and Security of Supply***

The EM Act 2013 includes several elements that are intended to enhance the security of supply of distribution networks and to improve the efficiency of contingency planning, including by setting out specific requirements to the DSOs regarding the quality and security of supply. The network must be designed, constructed and maintained in a way that ensures the applicable technical requirements set by the TSO are met. In addition, the EM Act 2013 includes specific time limits for ensuring and restoring uninterrupted supply of electricity in the event of storms or significant snowfall. In order to allow system operators to use the most cost-efficient methods to meet these new requirements, the technical implementation of such requirement is generally at the discretion of the system operator.

The EM Act 2013 provides that storms or snowfall may not disrupt electricity distribution for more than six hours in urban zoning areas and for more than 36 hours in other areas. This standard could be adjusted in certain coastal areas to take into account local conditions and requirements.

The relevant DSO has to fulfil these requirements within its respective geographic area of responsibility by 31 December 2028. The requirements become effective gradually: they must be met with respect to 50% of the customers of a DSO by 31 December 2019 and 75% of customers by 31 December 2023. Under limited circumstances, including where the DSO has to renew a substantial number of power lines to meet the requirements, the final transitional period may be extended from 31 December 2028 until 31 December 2036, and the timeframe for meeting the 75% requirement until 31 December 2028 each, at the discretion of the EA. A DSO must also prepare a development plan to systematically and on a long-term basis improve its network to meet the requirements regarding the security of supply, such plan

describing the intended investments and maintenance of the network for the purpose of fulfilling the quality and security of supply related requirements. The plan is subjected to comments and possible amendments imposed by the EA. According to the transitional provisions of the EM Act 2013, the first plan had to be submitted to the EA by 30 June 2014. Elenia Networks has submitted its development plan to the EA within the set time limit. The submitted development plan is consistent with the long-term investment plan and maintenance strategy of Elenia Networks. The plan must be updated by the relevant DSO every two years.

The EM Act 2013 includes a general obligation on all operators to prepare contingency plans for ordinary disturbances as well as for extraordinary events. Through sufficient contingency planning, operators seek to ensure that in the event of such disturbances, electricity distribution is restored with the minimum amount of disruption, while also taking into consideration the most vulnerable and critical functions of society. As part of this obligation, DSOs must have plans in place to ensure continued communications with emergency personnel and other network operators and the deployment of repair personnel. The National Emergency Supply Agency (NESA) supervises the contingency planning of the DSOs and a DSO must submit a separate contingency plan to NESA. The plan is required to be updated at least once every two years and in the event of material changes in circumstances. Elenia Networks has an up-to-date contingency plan in place which has been approved by NESA. The plan is prepared on the basis of well-tested preparedness plans of Elenia Networks and various years of experience in storm situations and other disturbances. The EM Act 2013 also includes a specific obligation for all DSOs to cooperate with other operators and officials to limit disturbances caused by interruptions in the electricity supply.

#### *Improved Customer Service*

Another key objective of the 2013 Reform was improving the level of customer service. The EM Act 2013 specifies the general obligation of DSOs to provide their services to customers on an equal and non-discriminatory manner and includes several provisions that are aimed at improving customer service and the level of customer protection. These include, among other things, increasing the amount of information that DSOs must communicate to customers as part of invoicing and otherwise, adding optionality to the methods of invoicing and payment, and raising the standard compensations payable to them for interruptions and delays in the supply of electricity or connection to the network.

As part of its service offer, the DSO must also provide customers with information on the level of the supply security of its network and any plans that may affect the reliability of its system services. In addition, the DSO must give customers instructions on how to prepare for possible interruptions in electricity supply. It may also be obligated to provide customer-specific guidance on such preparations as may be necessary to address delivery to locations where the security of supply is of particular importance. In case of a disturbance in supply, the DSO must inform its customers of such disruptions without delay and provide an estimate of the length and extent of the interruption or malfunction.

### **Reasonable Return Methodology for Electricity Distribution Services**

#### ***General***

The EA sets *ex ante* the methodology and principles to be used in determining distribution network rates of return. These methodologies and principles are then administered *ex post* by the EA over four-year regulatory periods. The fourth regulatory period began on 1 January 2016 and ends on 31 December 2019. The fifth regulatory period begins on 1 January 2020 and ends on 31 December 2023.

The current methodology and principles were confirmed by the EA in November 2015. For the first time, it is applied for two consecutive regulatory periods, i.e. both the current fourth and the following fifth regulatory periods. Previously, the methodology was confirmed separately for each four-year period. The methodology is published in final form by the EA in its publication "*Regulation methods in the fourth regulatory period of 1 January 2016 – 31 December 2019 and the fifth regulatory period of*



*1 January 2020 – 31 December 2023*". As in the preceding third regulatory period, the methodology is based on the principle that the DSO should earn a reasonable return on capital that over the long-term is equal to its weighted average cost of capital (**Regulatory WACC**) (in addition to certain incentives and allowances) as determined by the methodology issued by the EA. The methodology applicable to the fourth and fifth regulatory periods is comparable to but includes certain modifications to the methodology applicable to the third period.

### ***General Process Overview***

Prior to the commencement of the relevant regulatory period, the EA will issue a confirmation decision to each DSO that officially confirms the methodology applicable during that upcoming regulatory period. The confirmation decision of Elenia Networks for the current fourth regulatory period was issued by the EA on 30 November 2015 and is applied for both the current fourth regulatory period and following fifth regulatory period. The confirmation decision of the EA may be appealed to the Market Court. Based on the Act on Supervision of Electricity and Natural Gas Markets, the EA is entitled to amend the already confirmed methodology in limited situations, e.g. due to court decisions, changes in regulation or substantial changes in circumstances that warrant an amendment.

During the regulatory period, the EA calculates the reasonable rate of return, the realised adjusted profit and accrued surplus or deficit, and certain other key figures for each DSO on an annual basis. To enable the EA to conduct these calculations, the DSO must furnish to the EA the necessary information. Although the calculation may not be separately appealed, when advising DSOs of such calculations, the EA requests the DSO to inspect and comment on any observed mistakes. If necessary, the EA submits a new calculation to the DSO on the basis of this feedback.

After the end of the full regulatory period, the EA officially confirms the absolute amount by which a DSO's realised adjusted profit for the entire regulatory period exceeds or falls below the level of return that is considered reasonable based on the methodology. In calculating the reasonable return, the EA makes several adjustments to earnings reflected in the DSO's unbundled statutory financial statements and to the capital invested in network operations by the DSO. The regulatory decision of the EA may be appealed to the Market Court.

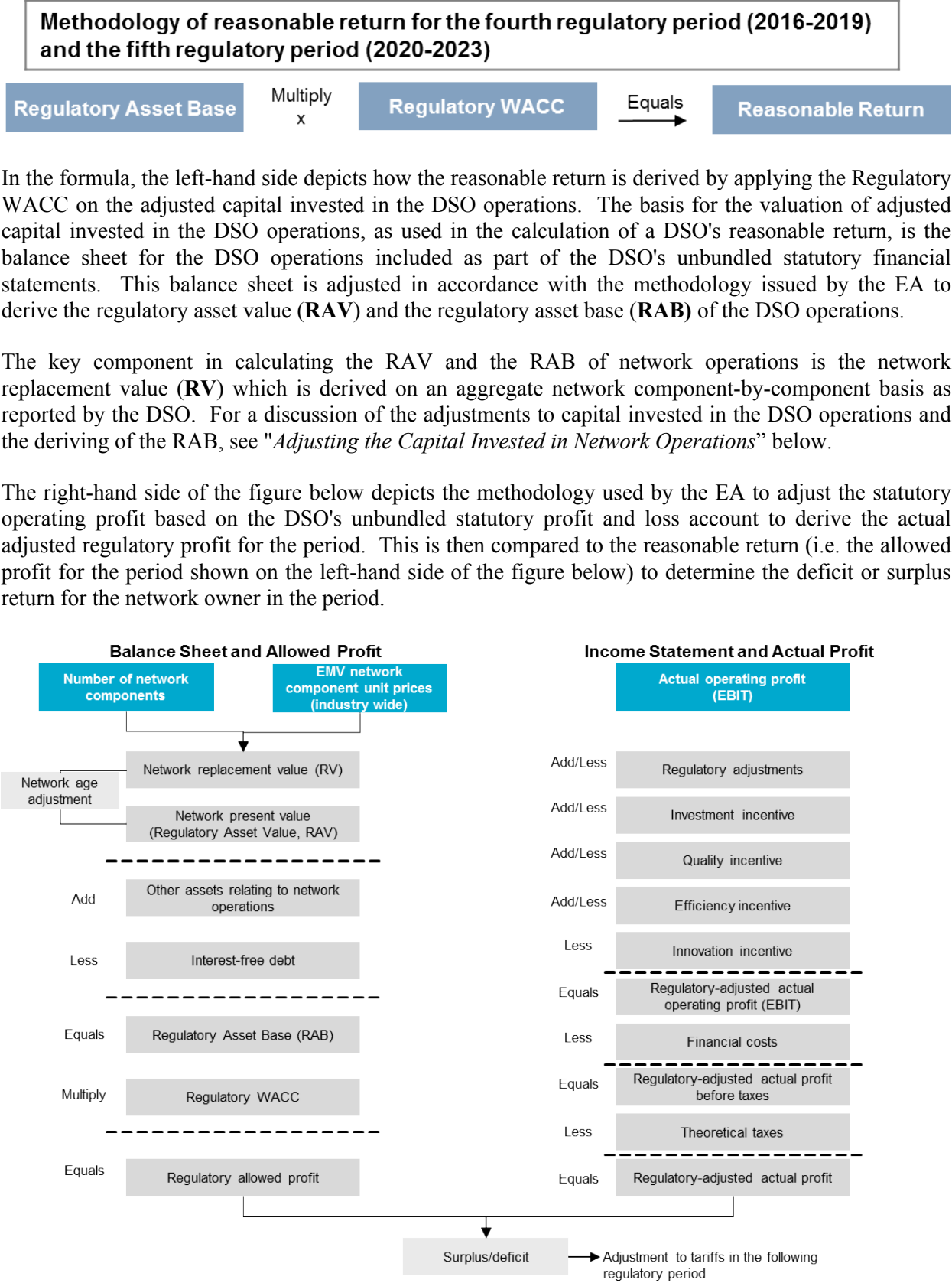
To the extent that a DSO has either accrued a surplus or deficit in its actual return compared to its reasonable return over the regulatory period, distribution service charges for the subsequent regulatory period are adjusted, as applicable, to compensate either the DSO or its customers. The right for adjustment of a deficit in returns accrued during a regulatory period is valid only in the subsequent regulatory period. A potential surplus accrued during the regulatory period is required to be returned to customers through lower tariffs at the latest by the end of the following regulatory period, i.e. potential surplus accrued during the third regulatory period is required to be returned to customer at the latest by the end of the current fourth regulatory period. In limited circumstances, a DSO may apply for extra time for the adjustment of a deficit or surplus from the EA.

If the DSO's realised adjusted profit has exceeded the amount of reasonable return by at least 5% during the regulatory period, interest shall be payable by the DSO on the surplus. The interest rate is the average of the reasonable cost of equity for the years of the relevant regulatory period, calculated according to the principles set by the EA in the methodology.

### ***Regulatory Method for Assessing Reasonableness of Return***

The figure below illustrates the methodology used to assess the reasonableness of the returns of DSOs in the fourth (2016-2019) and fifth (2020-2023) regulatory periods and how such returns compare to the actual profit after adjustments required by the EA.

Figure 1



The regulatory adjustments to a DSO's unbundled statutory profit and loss account are aimed at incentivising operational behaviour that improves the quality, reliability and efficiency of an electricity distributor's operations. These incentives and allowances can provide a meaningful increase to allowed profits for companies that invest in the network, deliver on reliability targets, generate innovative solutions and take steps to enhance security of supply.

### ***Comparing Adjusted Profit to Reasonable Return and Claw-back***

The EA calculates annually, for each DSO, the realised surplus or deficit return by applying the Regulatory WACC to the company's RAB and compares this to the actual adjusted profit (i.e. including incentives and allowances of the DSO for the respective year). To the extent that a DSO has either accrued a surplus or deficit in its actual return compared to its reasonable return over the previous regulatory period, distribution service charges for the subsequent regulatory period are adjusted, as applicable, to compensate either the DSO or its customers.

This true-up mechanism for past performance against the reasonable return only relates to the regulatory period immediately preceding the current regulatory period in which the surplus or deficit is recovered. An aggregate return deficit incurred in the second regulatory period and not recovered in the third regulatory period would generally not be recoverable in the current fourth regulatory period.

### ***Inflation Adjustment***

There are several inflation adjustments in the methodology for the fourth and fifth regulatory periods including the derivation of the regulatory WACC and derivation of realised adjusted profit (including the quality incentive, efficiency incentive and investment incentive).

### ***Adjusting the Capital Invested in Network Operations***

The electricity network, consisting of various components, is the largest single element in the fixed assets of a DSO. According to the EA, the electricity network consists of interconnected electricity lines, substations and other necessary electrical equipment for the purpose of electricity distribution and transmission.

When determining the value of capital invested in the network operations, the EA does not apply the book value of the electricity network because the book value does not necessarily reflect the actual market value of the capital invested. Instead, the value of the electricity network will generally be determined by its net present value based on the RV of the network.

### ***Replacement Value (RV)***

The RV of the electricity network is calculated for each year in the regulatory period (per the last day of December) to reflect the value at the end of the respective year in question. Calculations are generally done on the basis of the quantity data of various components in the electricity network using the standard regulatory component unit prices. The unit prices applied for the fourth and fifth regulatory periods are reported by the EA in the appendices to the methodology and have been determined on the basis of the industry-wide cost surveys carried out by the EA in 2014-2015. No adjustments or revisions are made to the unit prices within the fourth or fifth regulatory periods.

The RV of the electricity network is calculated by multiplying the given quantities of network components that are in actual use by the DSO with the corresponding component-specific unit price and by adding up these RVs. If a component is not covered by the component-specific unit prices reported by the EA in the methodology, the book value of the component may generally be applied.

### *Regulatory Asset Value (RAV)*

Similar to RV, RAV (the net present value of the electricity network) is calculated for each year in the regulatory period (per the last day of December). RAV is calculated from RV by applying the network component-specific average age and lifetime selection as provided by the DSO. Such selection must be within the given regulatory lifetime range reported by the EA in the appendices to the methodology. The average age of a component is generally the age since commissioning. With respect to the current fourth regulatory period, the selected component-specific lifetimes must be reported by the DSO to the EA by the end of March 2017. Thereafter, no changes are allowed to the selected lifetimes. If no regulatory lifetime range has been determined for the component, its RAV remains fixed during the entire regulatory period.

The RAV is calculated separately for each component group. The following equation illustrates the RAV for a specific component group in a given year.

$$(1 - [\text{Component Age/Lifetime}]) * \text{Industry wide EA network component RV}$$

where RV represents the aggregate RV of the whole component group.

To calculate the total RAV of the electricity network, the RAV of all component groups are aggregated.

### *Regulatory Asset Base (RAB)*

After calculating the RAV, the adjusted capital invested in network operations (**RAB**) is derived by:

- adding other fixed assets related to the network operations at book value;
- adding work in progress and advance payments;
- adding trade receivables and accrued income;
- deducting non-interest-bearing liabilities; and
- deducting tax related to (i) the depreciation difference of assets that are not included in RAV and (ii) voluntary provisions,

to or from the RAV of the network. The following figure illustrates the adjustments made to the statutory balance sheet of the network operator. RAV and RAB, determined as of the last day of December each year, form the basis for the reasonable return.



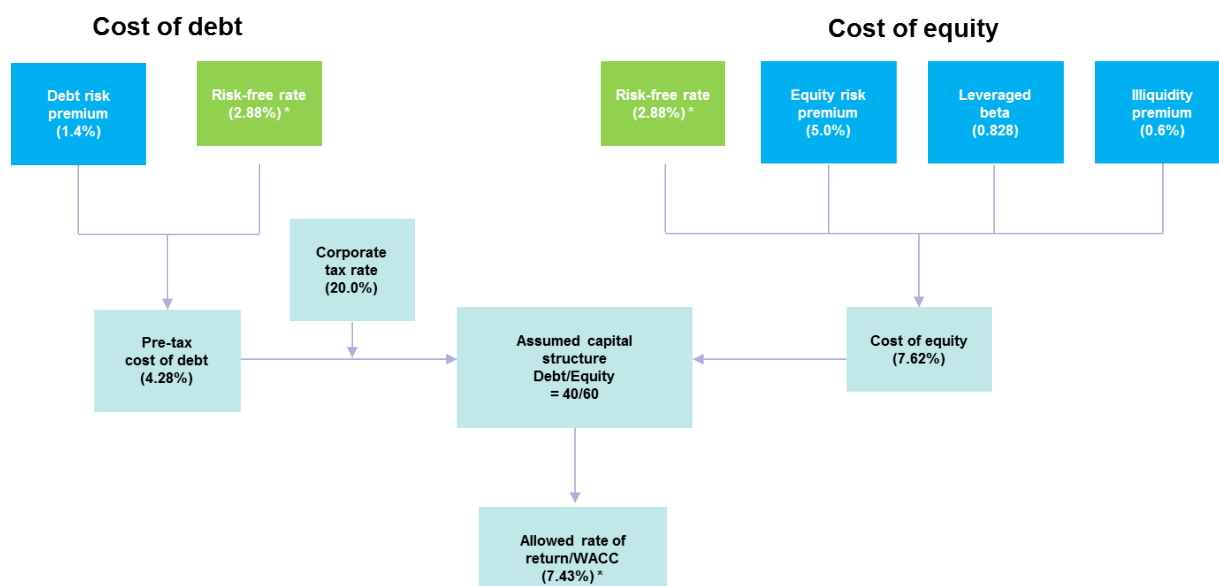
<ul style="list-style-type: none"> <li>RV of electricity distribution network components</li> <li>Weighted average technological lifetimes (supplied by EA)</li> <li>The net present value of each component is calculated as follows:   <math display="block">RAV = (1 - [\text{Component Age} / \text{Lifetime}]) * RV</math> </li> </ul>	<ul style="list-style-type: none"> <li>Inventories are included at book value</li> <li>Trade receivables are included at book value</li> <li>Assets that are not part of the operation of the electricity network will not be included in the RAB calculation</li> </ul>	<ul style="list-style-type: none"> <li>Current liabilities such as accounts payable, accrued charges</li> <li>Refundable connection charges accrued pre-2005</li> <li>Deferred tax liability of Finnish accelerated depreciation allowance of assets that are not included in RAV</li> </ul>	<ul style="list-style-type: none"> <li>The RAB represents the total capital upon which the DSO is allowed to earn a reasonable return</li> </ul>
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### ***Calculation of Regulatory WACC***

In order to calculate a reasonable return on the network operations, the EA applies the parameters that are presented in the following figure.

The reasonable rate of return is equal to the Regulatory WACC imputed on a notional capital structure:

# **WACC for 2016 - 2019 (Fourth Regulatory Period) and 2020 - 2023 (Fifth Regulatory Period)**



\*The risk-free rate (2.88%) and the allowed rate of return/WACC (7.43%) are components of Regulatory WACC for 2016 only

During the fourth and fifth regulatory periods, Regulatory WACC is applied on a pre-tax basis. This means that the pre-tax Regulatory WACC is applied when calculating the reasonable return and corporation tax is not deducted from DSO's actual adjusted profit.

The EA will revise the debt risk premium for the fifth regulatory period. The risk-free rate and corporate tax rate will also be confirmed annually. The equity risk premium, illiquidity premium, leveraged beta, equity beta and capital structure beta will remain the same during the fourth and fifth regulatory periods.

The parameters applicable to the fourth regulatory period are discussed below.

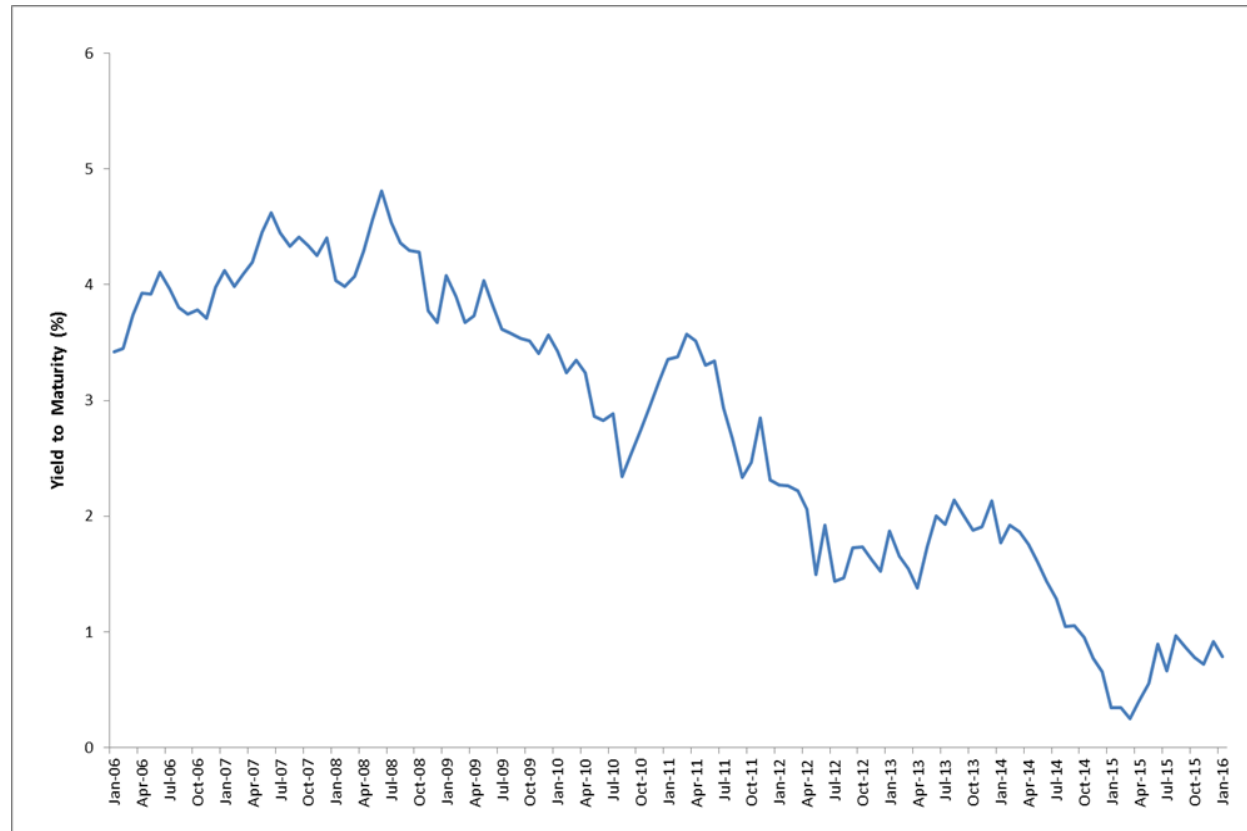
#### *Risk-Free Rate*

The EA considers the yield to maturity of the ten-year Finnish government euro-denominated bonds as the best approximation of the market risk-free rate to be used in calculating reasonable returns. During the fourth and fifth regulatory periods, to calculate the risk-free rate, the EA applies the value that is the higher of:

- the average daily value of the yield to maturity of the ten-year Finnish government euro-denominated bond for previous year's April-September; and
- the average daily value of the yield to maturity of the ten-year Finnish government euro-denominated bond for the previous ten years<sup>44</sup>.

The risk-free rate is revised every year.

The development of the yield to maturity of the ten-year Finnish government euro-denominated bond is illustrated below.<sup>45</sup>



<sup>44</sup> For example the ten year period used as a basis for 2016 risk-free rate was from October 2005 to September 2015.

<sup>45</sup> Source – Bloomberg page GFIN10YR Finland Gov bond generic 10yr, as of 7 January 2016.

### *Equity Risk Premium*

Based on various expert opinions and the Market Court's decision (MAO: 635-688/10), the EA has decided to use an equity market premium of 5% for the fourth and fifth regulatory periods. This is the same equity risk premium that has been used in the previous regulatory periods.

### *Debt Risk Premium*

During the fourth regulatory period, the EA adds a 1.4% debt-risk premium to the risk-free rate. This premium is defined separately for each regulatory period as there is no unequivocal method or individual market quote available for its determination. The EA will update the debt-risk premium for the fifth regulatory period. The low end of the range for the premium will be based on the average indexed returns on 10-year bonds of European utility companies with a Bloomberg credit rating A and the high end of the range will be based on such returns for equivalent companies with Bloomberg credit rating BBB, in each case after deducting the average monthly quotations of the 10-year German government bonds. The determination period for debt risk premium metrics for the fifth regulatory period will be June 2009 to May 2019.

### *Debt and Gearing*

During the fourth and fifth regulatory periods, the EA applies a notional gearing level of 40% debt and 60% equity to all Finnish DSOs when calculating the reasonable cost of equity for purposes of determining the Regulatory WACC. The selected fixed capital structure has been derived from an external study analysing the capital structures of publicly traded entities that have similar characteristics as DSOs and is based on the assumption that such entities have sought to optimize their capital structures.

### *Beta Coefficient*

Based on an external expert opinion, the EA applies an equity beta of 0.828 and an asset beta of 0.54. For purposes of calculating the reasonable cost of equity and determining the Regulatory WACC, the asset beta coefficient is adjusted into an equity beta coefficient.

### *Illiquidity Premium*

For the fourth and fifth regulatory periods, the EA has decided to use an illiquidity premium of 0.6%.

### ***The Incentives and Allowances Regime: Adjusting the Profit and Loss Statement***

To calculate the actual adjusted profit of the DSO, the EA uses the DSO's unbundled statutory profit and loss statement from its statutory financial statements and adjusts it based on the regulatory incentives and allowances discussed below.

### *Investment Incentive*

The investment incentive is designed to encourage DSOs to maintain and improve the electricity network through investments. The investment incentive is the difference between accounting depreciation and adjusted straight line depreciation of RV.

When calculating the DSO's actual adjusted profit from the DSO operations, the impact of the investment incentive is deducted from the actual operating profit (loss) of the differentiated financial statement of that DSO.



### *Quality Incentive*

The EA encourages DSOs to improve the quality of electricity distribution by applying a quality incentive to the calculation of actual adjusted profit. The basic underlying principle behind the incentive is to minimise the outage costs to the end-user and the DSO which arise from disturbances in the DSO's operations.

The quality incentive method is symmetric in that the level of the possible quality penalty equals the level of the possible quality bonus. The calculation of the quality incentive takes into account the full difference between actual outage costs and a reference level of outage costs (instead of the half difference applied in the third regulatory period). During the fourth regulatory period, the reference level is based on the DSO's average realised regulatory outage costs for the two previous four-year periods, i.e. the eight-year period from 2008 to 2015. During the fifth regulatory period, the outage costs in the DSO's high-voltage distribution network will also be considered. With respect to the distribution network, the reference level will be based on the DSO's average realised regulatory outage costs in the eight-year period from 2012 to 2019 and, with respect to the high-voltage network, the seven-year period from 2013 to 2019. Inflation is considered in the regulatory outage costs (in the unit prices of outages) based on the Finnish consumer price index.

When calculating the DSO's actual adjusted profit from network operations, the impact of the quality incentive is deducted from the operating profit (loss) of the unbundled statutory financial statements. The impact of the quality incentive is calculated annually so that the DSO's actual regulatory outage costs are deducted from the reference level of the outage costs. The impact of the incentive is capped at a maximum of +/-15% of the (pre-tax) reasonable return of the DSO in any given year. The cap and floor of the quality incentive are symmetrical and therefore any quality sanction may not be higher than the possible quality bonus.

### *Efficiency Incentive*

One of the EA's goals is to improve the cost efficiency of the DSOs. The efficiency incentive consists of two targets that are set prior to each respective regulatory period.

The first target is the general efficiency improvement target which is aimed at encouraging DSOs to improve their operations alongside general technical developments. To compensate the DSOs for the new tasks and increased obligations resulting from regulatory changes (the cost impacts of which are challenging to assess), the EA has decided to apply a general efficiency level of 0% during the fourth and fifth regulatory periods, in practice this means that no general efficiency improvement target is applied during the said periods.

The second target is the DSO-specific efficiency improvement target, which is computed by comparing each DSO to its peers by using the so-called StoNED method (Stochastic Non-smooth Envelopment of Data). The StoNED method assesses the relative efficiency of a DSO in comparison to other DSOs based on certain input and output variables. The EA will calculate by the end of June 2016 the improvement target applicable to each DSO during the fourth regulatory period.

In practice, the two aforementioned efficiency improvement targets are combined to set the reference level for the DSO-specific reasonable efficiency costs. The reference level is based on the controllable operating costs and is calculated annually for each DSO separately. By exceeding these costs, the adjusted actual profit of the DSO will increase, which in turn will raise the surplus (or reduce the deficit) of the regulatory period that needs to be compensated to (or reclaimed from) the customers. In the calculation, the reference level is adjusted annually to reflect the effect of inflation according to the Finnish consumer price index.

When calculating the DSO's actual adjusted profit, the impact of the DSO's efficiency incentive is deducted from the operating profit (loss) of the unbundled statutory financial statements. The impact of the efficiency incentive is calculated so that the actual annual efficiency costs are deducted from the reference level of the efficiency costs for the same year. The impact of the incentive is capped and floored at a maximum of +/-20% of the (pre-tax) reasonable return of the DSO in any given year.

#### *Innovation Incentive*

The innovation incentive was introduced by the EA in the third regulatory period to encourage DSOs to further promote technical and operational innovations. The innovation incentive applies to R&D costs, which are defined by the principles set by the EA.

When calculating the DSO's actual adjusted profit from network operations, the impact of innovation incentive is deducted from the operating profit (loss) of the unbundled statutory financial statements. A cap of 1% of the total sum of a DSO's revenue of the unbundled statutory financial statements during a regulatory period is applied for the reasonable research and development costs.

#### *Security of Supply Incentive*

The security of supply incentive was included by the EA in the methodology of the third regulatory period in late 2013 (and was applied from 1 January 2014 onwards) due to the enhanced quality and security of supply requirements introduced by the EM Act 2013. The purpose of the incentive is to facilitate meeting the quality and security of supply requirements within the timeframe set out in the EM Act 2013. During the fourth and fifth regulatory periods, the incentive consists of two mechanisms, namely write-downs of premature demolition due to early investments and maintenance and contingency measures.

The write-downs are aimed at compensating a DSO for premature demolition of assets resulting from the new quality and security of supply requirements of the EM Act 2013 to the extent not taken into account in the investment incentive. Premature demolition refers to early replacement investments of 20kV and 0.4kV overhead lines, pole mounted transformer stations of 20kV or 0.4kV overhead line network, or disconnectors and switches of 20kV overhead line network, in each case that occur prior to the end of the lower limit of the regulatory asset life reported by the EA. The residual RAV of the component is calculated based on its RV, age and the lower limit of the regulatory asset life reported by the EA. DSOs must apply for the write-down from the EA by the end of March each year.

The maintenance and contingency measures taken by DSOs for the purposes of improving the security of supply are also considered in the calculation of the security of supply incentive. Eligible measures consist of efforts aimed at improving care of forest areas located in the vicinity of the medium-voltage distribution network (such as removal of hazardous trees). The EA decides on the treatment of maintenance and contingency costs based on the data and accounts submitted by the DSO.

When calculating the DSO's actual adjusted profit from network operations, the impact of security of supply incentive is deducted from the operating profit (loss) of the unbundled statutory financial statements. The impact consists of the sum of the write-downs and the reasonable maintenance and contingency costs.

#### **Review Process for Regulatory Period Methodology**

The preparation for a new regulatory period generally commences well in advance of the beginning of that period and includes opportunities for the industry and stakeholders to comment on methodology drafts published by the EA. Based on the responses received, the EA then finalises the final binding methodology for the period ahead of the start of the regulatory period.

The regulatory environment continues to develop based on the experience collected in the past, particularly in the form of court decisions and experience gained by the EA as part of its supervisory duties. As an example of this development, the first regulatory period was only three years from 2005 to 2007, making it a "test period" for the new regulatory model. The first methodology did not include any incentives and there was only a general efficiency target to guide the DSO operations. The model was developed further in the second regulatory period, with the introduction of new parameters such as outage costs and a company-specific efficiency requirement. The aim of the regulation was to find a "socio-economical" optimum which would benefit DSOs with efficient operations which had invested in network reliability and quality.

The methodology for the third regulatory period included larger incentives for the DSOs to improve their quality of delivery. The entry into force of the EM Act 2013 on 1 September 2013, however, required changes by the EA to the methodology. The need for changes was mainly derived from the increased quality and security of supply requirements of EM Act 2013 to the DSOs.

The current methodology published by the EA in December 2015 is for the first time applied for two consecutive four-year periods, i.e. both for the fourth and fifth regulatory periods. The current methodology is based on the same model and principles as the methodologies of the previous periods and includes various modifications to continue to promote security of supply.

As part of the development work of the regulatory model, the EA has commissioned several studies from external consultants, such as the Lappeenranta University of Technology. Often these studies have included interviews with DSO management and experts, who have then had the opportunity to express their opinions and experiences of the regulation's impact on operations and can thus influence the future changes in the regulation.

## **Recent Regulatory Developments**

### ***Implementation of the Directive on Energy Efficiency***

In connection with the implementation of Directive 2012/27/EU on energy efficiency, a new Act on Energy Efficiency (the **Energy Efficiency Act**) was approved by the Parliament of Finland in December 2014 along with certain necessary amendments to the EM Act 2013, the Natural Gas Market Act 2000 and the Act on Supervision of Electricity and Natural Gas Markets. The majority of the provisions of the Energy Efficiency Act and of the amendments to existing legislation entered into force on 1 January 2015. The compliance with the Energy Efficiency Act is supervised by the EA.

The Energy Efficiency Act introduced a statutory obligation for large entities (such as DSOs) to conduct an energy audit every four years and to appoint a person responsible for such audits. Both Elenia Networks and Elenia Heat are considered large entities for the purposes of the new Energy Efficiency Act. Based on the Energy Efficiency Act, the first energy audit had to be completed by 5 December 2015. Both Elenia Networks and Elenia Heat have completed the plan within the set time limit. In addition, with a view to promoting CHP generation, the Energy Efficiency Act sets forth an obligation to prepare in certain situations a cost-benefit analysis on the use of potentially available surplus heat power. Such obligation exists, for example, where a district heating network is planned to be constructed in an area where an industrial plant with a fuel power of more than 20 MW is located. Accordingly, Elenia Heat could become obliged to prepare a cost-benefit analysis in respect of proposed new investments.

The amendments to the EM Act 2013 due to the Energy Efficiency Act include, among others, restrictions to the terms and conditions of electricity distribution services and their invoicing, such as a general prohibition on including conditions that hinder the fulfilment of efficiency improvement targets (such as tariff structures that indirectly encourage increased consumption). Certain similar provisions were included in the Energy Efficiency Act and the Natural Gas Market Act 2000, such provisions being applicable to the operations of Elenia Heat. The provisions concerning the terms and conditions of

invoicing, entered into force on 1 January 2016. Elenia Networks and Elenia Heat are of the view that the changes do not require significant changes to their current practices.

## **District Heating**

District heating is a system for distributing heat generated in a centralised location for residential and commercial heating purposes. Heat is produced in CHP plants, heating plants or hot water boilers and then transmitted as hot water or steam to customers in a closed network of flow and return pipes. Once the heat of the water has been released into customers' heating networks, the water cools and is directed back to the production plant for reheating.

In Finland, district heating operations are not subject to any sector-specific regulation and there is no specific authority that supervises these operations (i.e. district heating operations as such do not fall, for instance, under the powers of the EA). District heating operations are regulated under general laws and regulations, such as the Competition Act, the Consumer Protection Act and the new Energy Efficiency Act.

Although district heating operations have features of a dominant market position (similar to electricity operations), there is no specific price control similar to the one applicable to electricity distribution operations. A district heating user has the freedom to choose from a variety of different forms of heating, district heating being only one of the options available (other options consisting of, among other, ground source, electricity and oil heating). The Land Use and Building Act allows a municipality to require a building located in the area of the relevant city plan to be connected to the local district heating network and this means that a user may become obliged to connect the building into the local district heating network. Such a requirement would diminish competition among different forms of heating and so some criticism has been directed at situations where the local district heating operator is owned by the municipality.

The pricing of the district heating operators is regulated under the general provisions of the Competition Act, most importantly, the general prohibition on the misuse of a dominating market position that prohibits entities with dominating market positions, among other matters, to set unreasonable prices. The FCCA has at times conducted investigations to assess whether the prices of the district heating operators should be considered unreasonable within the meaning of the Competition Act.

The most recent large-scale investigation by the FCCA was started in 2009 and completed at the end of 2011. Under the first phase of these investigations, the FCCA concluded that in comparison to other business sectors, and when considering the level of risk involved, the level of profits of the district heating operators is reasonably high. Under the second phase, the FCCA concluded that regardless of the high level of pricing and the diminished level of competition in the field of district heating, the threshold for intervention by the FCCA under the Competition Act was not met. However, the FCCA noted that it will continue monitoring district heating operators and that sector-specific regulation may become necessary in the future, in particular, if competition continues to diminish further and if weak competition results in an increase in prices. The FCCA is likely to direct its attention to any measures taken by district heat operators that would further weaken the competitive situation in the market for district heating.

The Finnish Government has considered the necessity of sector-specific regulations on district heating operators in connection with its energy and climate strategy 2013. The strategy was approved by the Finnish Government on 20 March 2013 and further submitted for the final approval of the Parliament of Finland. The strategy does not include any proposal for sector-specific regulation on district heating but emphasises the importance of transparent and fair pricing.

## Natural Gas

A small portion of Elenia Heat's business includes the sale and distribution of natural gas through its distribution network. The distribution and trade of natural gas as operated by Elenia Heat are governed by the Natural Gas Market Act 2000 and the respective Natural Gas Market Decree. The sanctions for violating Finnish natural gas legislation broadly mirror those set out for non-compliance with electricity legislation. The supervisory procedures for ensuring compliance with electricity legislation are also applicable to natural gas markets. See "*Sanctions for Non-Compliance*" above for a detailed discussion of the different sanctions and supervisory methods.

Similar to that for electricity markets, the EA sets *ex ante* the methodology to be used in determining natural gas distribution network rates of return. These methodologies are then administered *ex post* by the EA over four-year regulatory periods. The current third regulatory period for natural gas began on 1 January 2016 and ends on 31 December 2019, and the fourth regulatory period begins on 1 January 2020 and ends on December 2023. The methodology published by the EA in December 2015 will apply for both the third and fourth regulatory periods. The structure and principles of the methodology are similar to that applied to electricity markets.

In June 2014, the Ministry set up a working group for the purpose of reforming the Natural Gas Market Act 2000. The reform largely relates to the planned Balticconnector natural gas pipeline between Finland and Estonia which, together with other investments in gas infrastructure within the European Union, would allow Finland to open its natural gas market to competition. At present, the Finnish natural gas market is only partly deregulated as the European Union "Third Energy Package" allows Finland to apply an exemption for an isolated natural gas market. In its report published in late January 2016, the working group makes a proposal for a new Natural Gas Market Act that would gradually, and by 2020, open the natural gas market for competition.

### The EA's memorandum on electricity distribution tariffs

Following the distribution price increases announced by certain Finnish DSOs, the EA issued a memorandum on 3 February 2016 (at the request of the Finnish Ministry of Employment and the Economy) proposing that the Ministry consider legislative steps to (i) define a limit on one-off increases in the electricity distribution tariff and minimum intervals between such increases and (ii) ensure that a sufficient share of the income deriving from the electricity distribution tariffs is directed to investments and other development of the distribution network. The Ministry has confirmed that the memorandum serves as the basis for the Government's further assessment of the potential legislative changes and indicated that it anticipates that such potential changes could enter into force by the beginning of 2017.

## USE OF PROCEEDS

The net proceeds of each Tranche of Bonds will be applied towards, amongst other things, general corporate purposes including:

- (a) to refinance indebtedness arising from the Authorised Credit Facilities from time to time; and
- (b) towards fees, costs, expenses, stamp, registration and other taxes incurred in connection with the above.

The corporate structure is designed to ensure that the Issuer will have available funds to meet the payment profile of the Bonds in the context of the Finnish legal and tax regime.

Amounts owed to the Bondholders and providers of the Term Facility, the Capex Facility, the WC Facility, under any Hedging Agreement and any other debt incurred by the Obligor Group in accordance with the terms of the CTA and any PP Notes will be serviced directly by Elenia Networks from its cash flows and from amounts received from Elenia Heat through group contributions, dividends or upstream intercompany lending.

It is intended that amounts owed to the Bondholders will be serviced by Elenia Networks and Elenia Heat through either group contributions to the Issuer or further equity subscriptions in the Issuer. However, in order to ensure that sufficient funds are always available to the Issuer to service the Bonds, intercompany loan agreements (the **Intercompany Loan Agreements**) were put in place on 10 December 2013 between each of: (a) Elenia Networks (as lender) and the Issuer; and (b) Elenia Heat (as lender) and the Issuer, under which funds will be automatically drawn, in order to ensure that available funds for the Issuer will match the payment profile of the Bonds should other amounts not be available to the Issuer to meet its payment obligations under the Bonds.

## SUMMARY OF THE COMMON DOCUMENTS

*The following is a summary of certain provisions of the principal documents relating to the transactions described in this Prospectus.*

### General Overview

The Finance Parties all benefit from common terms under their relevant document and a common security package granted by the Issuer, Elenia Networks, Elenia Heat, Elenia Services, Elenia Holdings, Elenia Finance (SPPS) and the Parent (as Obligors under the CTA). It is a requirement of the CTA that any future provider of an Authorised Credit Facility must accede to and be bound by the terms of the CTA (see "*Common Terms Agreement*" below) and the intercreditor arrangements contained in the STID (see "*Security Trust and Intercreditor Deed*" below). The Issuer is also party to and bound by the CTA and the STID.

The CTA sets out the common terms applicable to each Authorised Credit Facility into which Elenia Networks enters including the Bonds, by virtue of Elenia Networks' guarantee of the Issuer's obligations under the Bonds. Save for certain limited exceptions, no Finance Party can have additional representations, covenants, trigger events or Events of Default beyond the common terms deemed to be incorporated by reference into their Authorised Credit Facilities through their execution of, or accession to, the CTA.

The STID regulates among other things: (a) the claims of the Secured Creditors; (b) the exercise and enforcement of rights by the Secured Creditors; and (c) the giving of instructions, consents and waivers and, in particular, the basis on which votes of the Secured Creditors will be counted.

All agreements listed below and non-contractual obligations arising out of or in connection with them are governed by English law and subject to the exclusive jurisdiction of the English courts.

### COMMON TERMS AGREEMENT

#### *General*

Each of, among others, the Obligors (other than Elenia Services), the Issuer, the Security Trustee, the Bond Trustee, the Cash Manager, the Security Group Agent, the Initial Liquidity Facility Providers, the Initial ACF Arrangers, the LF Arrangers, the Liquidity Facility Agent, the Initial Borrower Hedge Counterparties, the Original Initial ACF Lenders, the Standstill Cash Manager, the Initial ACF Agent and the Account Bank entered into the CTA dated 10 December 2013. Elenia Services acceded as an Obligor, Guarantor and a member of the Security Group to the CTA on 23 December 2014. The CTA sets out the representations, covenants, Trigger Events and Events of Default which apply to each Authorised Credit Facility (including for the avoidance of doubt any other document entered into in connection with an Authorised Credit Facility).

It is a term of the CTA that any representation, covenant, Trigger Event or Event of Default contained in any Authorised Credit Facility which is in addition to those in the CTA and any other Common Document will be unenforceable (save for limited exceptions which, among other things, include tax representations or representations under the Liquidity Facility Agreement or given to the PP Noteholders (including in respect of compliance with sanction regulations) and, covenants relating to "know your customer" checks, the delivery of documents to allow payments to be made without deduction of Tax, the purpose of the relevant facility, provisions as to illegality, information undertakings, indemnities, covenants to pay, voluntary prepayments, cash sweep, equity cure rights, mandatory prepayments (including under the Initial Authorised Credit Facilities Agreement), change of control provisions or mandatory "clean-down" provisions (other than upon or following the occurrence of any event of default

howsoever worded in an Authorised Credit Facility) and covenants relating to remuneration, costs and expenses). In addition, subject to certain conditions, further covenants, representations and Trigger Events may be included where they are extended to all of the Finance Parties.

It is a requirement of the CTA that future providers of Authorised Credit Facilities accede to the CTA and the STID.

The CTA contains certain indemnities of the Obligors to the Finance Parties in respect of losses caused, *inter alia*, by Events of Default.

A summary of the representations, covenants, Trigger Events and Events of Default included in the CTA is set out below.

### ***Representations***

On the date of the CTA and the Initial Issue Date, each Obligor (other than Elenia Services) made a number of representations in respect of itself to each Finance Party. These representations include (subject, in some cases, to agreed exceptions and qualifications as to materiality and reservations of law) representations as to:

- (a) its due incorporation and power and authority to own its assets and carry on its business as it is being and will be conducted;
- (b) its power and authority to enter into and perform its obligations under the Finance Documents (including in respect of each Issue Date, to create such Bonds) to the extent applicable to it;
- (c) all relevant consents, authorisations, licences and approvals for entry into and exercise of its rights under the Finance Documents having been obtained;
- (d) admissibility in evidence of the Finance Documents in each Obligor's jurisdiction of incorporation, the recognition of the choice of jurisdiction of the courts of the Relevant Jurisdiction in any proceedings, the recognition of the choice of the relevant law to govern such documents and the absence of filing and registration requirements in relation thereto;
- (e) its obligations under the Finance Documents being legal, valid, binding and enforceable;
- (f) its entry into and performance under the Finance Documents not conflicting with any document or agreement which is binding upon it, its constitutional documents or any applicable law or regulation to the extent that such conflict would have a Material Adverse Effect;
- (g) use of intellectual property rights;
- (h) good title to assets, or valid leases or licences of and all appropriate authorisations necessary to carry on its business where a failure to do so has or is reasonably likely to have a Material Adverse Effect;
- (i) absence of Events of Default or Insolvency Events and other similar events and circumstances (which in the case of the latter, has a Material Adverse Effect);
- (j) absence of Trigger Events;
- (k) absence of litigation, arbitration, administrative proceedings or other proceedings which, if adversely determined is or are reasonably likely to have a Material Adverse Effect;
- (l) the accuracy of certain information including financial statements and this Prospectus;



- (m) no contingent liabilities that have a Material Adverse Effect;
- (n) that the assumptions used to calculate the financial ratios were made in good faith and after due and careful consideration;
- (o) matters relating to its centre of main interest;
- (p) the Security created by the Security Documents has or will have first ranking priority and it is not subject to any prior ranking or *pari passu* ranking Security other than: (A) any Security Interest or Quasi-Security arising by operation of law and in the ordinary course of trading and not as a result of any default or omission by any member of the Security Group and (B) until the Initial Issue Date, the Existing Security Interests;
- (q) the absence of any works council (*ondernemingsraad*) having the right to advise in relation to the entry into and performance of the Finance Documents;
- (r) the absence of any breach of any law or regulation or licence, which breach has a Material Adverse Effect; and
- (s) matters relating to holding companies.

In addition, on each Issue Date and on each date on which any other new Authorised Credit Facility is issued or entered into under the Programme and on each date upon which any new Bonds are issued under the Programme, each Obligor will repeat certain of such representations (the **Initial Date Representation**).

On each Payment Date, on each date of a request for a borrowing and on the first day of each borrowing each Obligor shall repeat certain representations including those in paragraphs (a), (b), (j) and (o) above (the **Repeating Representations**). An Obligor acceding to an Authorised Credit Facility shall make the Repeating Representations on the date of such accession.

### ***Covenants***

The CTA contains certain covenants from each of the Obligors. A summary of the covenants is set out below.

#### ***Information Covenants***

- (a) The Security Group Agent undertakes to supply to the Security Trustee, the Initial ACF Agent and any other Facility Agent, the Hedge Counterparties, each PP Noteholder, the Rating Agencies and the Bond Trustee in sufficient copies for all Secured Creditors (other than the Bondholders):
  - (i) consolidated audited Annual Financial Statements of the Security Group together, prepared as if they constituted a statutory group for consolidation purposes, and related accountants' report, within 180 days after the end of each Financial Year; and
  - (ii) consolidated, unaudited Semi-Annual Financial Statements of the Security Group together, prepared as if they constituted a statutory group for consolidation purposes, for the first financial half-year in each Financial Year, within 90 days of the end of such financial half-year.

- (b) The Security Group Agent must ensure that:
- (i) each set of Financial Statements supplied by it is prepared in accordance with the Accounting Standards and includes a cashflow statement, a profit and loss statement and a balance sheet, and gives a true and fair view of or, in the case of any unaudited Financial Statements, fairly presents its financial condition (consolidated or otherwise) as at the date they were drawn up and of the results of its operations during such period;
  - (ii) it notifies the Security Trustee and the Bond Trustee, among other parties, of any material change to the basis on which its audited consolidated Financial Statements of Elenia Networks are prepared; and
  - (iii) if any change referred to in paragraph (ii) above results in or could reasonably be expected to result in a deviation, in respect of the calculation of any financial ratio, equal to or greater than 3 per cent. from the result of the calculation of such financial ratio if such change had not occurred, the Security Group Agent may, or if the deviation is equal to or greater than 5 per cent. the Security Group Agent shall, appoint an international firm of auditors to determine amendments and the Security Group Agent shall enter discussions with the Security Trustee and Secured Creditor Representatives with a view to amending the Trigger Event Ratios and/or Default Ratios.
- (c) Unless the Security Trustee has already been so notified, each Obligor (or the Security Group Agent on its behalf) must notify the Security Trustee of any Default or Trigger Event relating to it (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence.
- (d) In relation to Compliance Certificates:
- (i) the Security Group Agent shall, among other things, supply a Compliance Certificate to the Security Trustee and the Bond Trustee and each Rating Agency, among other parties, with each set of Financial Statements (described in paragraph (a) above), such Compliance Certificate to be accompanied by a statement confirming:
    - (A) the ratios which are required to be calculated under the CTA and calculations thereof in reasonable detail;
    - (B) summary details of any acquisition or disposal of Subsidiaries or interest in any Permitted Joint Venture by any member of the Security Group and of any company or business or material disposals by any member of the Security Group, in each case since the previously delivered Compliance Certificate (or, if none, the Initial Issue Date); and
    - (C) the amounts of any Restricted Payment made since the date of the previous Compliance Certificate;
  - (ii) each Obligor must ensure that all forward-looking financial ratio calculations and projections are made on the basis of reasonable assumptions and are prepared on a consistent basis updated by reference to the most recent available financial information;
  - (iii) the Qualifying Secured Creditors holding at least 33 per cent. by value of Qualifying Senior Debt shall, within ten Business Days of receipt of the Compliance Certificate have the right in accordance the STID to instruct the Security Trustee (such instruction being given not less than two Business Days prior to the end of the ten Business Day period referred to above) to challenge a statement, calculation or ratio in a Compliance

Certificate and to call for other substantiating evidence (and the Obligors will be required to promptly provide or procure provision of such information as the Security Trustee shall reasonably request) if it provides a detailed explanation to the Security Group Agent that it has or such Qualifying Secured Creditors have reason to believe (acting reasonably) that any statement, calculation or ratio made in the Compliance Certificate is incorrect or misleading in any material respect and if such statement were to be restated so that it were accurate in all material respects, a Trigger Event would occur;

(iv) in the event that:

(A) the information to be provided by the Obligors pursuant to paragraph (iii) above to determine the accuracy of the statement, calculation or ratio being challenged is confidential or commercially sensitive;

(B) following receipt of additional information, the Security Trustee (acting as above on the written instructions of the Qualifying Secured Creditors in accordance with the STID) remains of the opinion (acting on the instructions of the Qualifying Secured Creditors) that the statement, calculation or ratio that are the subject of the challenge are materially inaccurate or misleading in a manner that would otherwise result in there being a Trigger Event subsisting; or

(C) if the Security Group Agent so directs the Security Trustee,

the Security Trustee shall, subject to paragraph (v) below and following consultation with the Qualifying Secured Creditors who have directed the Security Trustee and the Security Group Agent, appoint an independent expert as may be agreed with the Security Group Agent (the **Independent Expert**) at the Cost of the Obligors to investigate the relevant statement, calculation or ratio that is/are the subject of the challenge in the Compliance Certificate;

(v) any Independent Expert shall enter into a Confidentiality Undertaking in relation to any Confidential Information that it receives in respect of any Compliance Certificate and undertakes to provide a binding report of its conclusions within 30 days of its appointment;

(vi) no Obligor may make a Restricted Payment (which is not otherwise a Permitted Payment) during:

(A) the period starting on (and including) the date on which a Compliance Certificate is delivered ending on (and excluding) the date falling 14 days from such date; and

(B) in the event that the Compliance Certificate is challenged in accordance with paragraph (iii) above, the period starting on (and including) the date of the challenge until the earlier of: (a) the date on which investigations in respect of the challenge are completed to the satisfaction of the Security Trustee; (b) the date on which the Independent Expert announces its conclusion that the relevant statement, calculation or ratio that were the subject of the challenge were not materially inaccurate or misleading in a matter that resulted in there being no subsistence of a Trigger Event; and (c) two Business Days after a re-stated Compliance Certificate which is accurate in all material respects (taking into account the findings of the Independent Expert (if applicable)) has been delivered; and

- (vii) there shall be no right to challenge any statement, calculation or ratio in any Compliance Certificate or to call for other substantiating evidence in respect of any statement, calculation or ratio which is approved or provided by the Regulator.
- (e) The Security Group Agent (on behalf of each Obligor) must supply with each set of Financial Statements described in paragraph (a) above to, among others, the Security Trustee, each PP Noteholder, the Initial ACF Agent and any other Facility Agent, the Hedge Counterparties, the Rating Agencies and the Bond Trustee in sufficient copies for all of the relevant Secured Creditors (other than the Bondholders) and each other Secured Creditor an Investor Report.
- (f) Each Investor Report must include:
  - (i) the ratios which are required to be calculated under the CTA and calculation thereof in reasonable detail;
  - (ii) a general update of the status of the business;
  - (iii) confirmation the amount of any Restricted Payment made since the date of the previous Investor Report; and
  - (iv) confirmation that:
    - (A) the Investor Report is accurate in all material respects;
    - (B) no Default or Trigger Event has occurred and is continuing, or if a Default or a Trigger Event has occurred and is continuing, steps (which shall be specified) are being taken to remedy such Default or Trigger Event; and
    - (C) the Security Group is in compliance with the Hedging Policy.
- (g) The Security Group Agent must hold each year an open one-way investor update conference call presentation made by the Security Group Agent to the Secured Creditors including the Bondholders in respect of the on-going business and financial performance of the Security Group.
- (h) Each Obligor shall ensure that the Prospectus of the Issuer is updated as required under applicable laws or market practice before the Issuer seeks to issue any further series or tranches of Bonds after the validity period following the filing of the latest update (or, if none, the original filing of the Prospectus) has expired.
- (i) So far as permitted by any applicable law, regulation, order or any binding confidentiality obligations, each Obligor undertakes to supply to the Security Trustee and the Bond Trustee, among other parties:
  - (i) as soon as reasonably practicable after becoming aware of the same (subject to commercial sensitivity exceptions), details of any litigation, arbitration or administrative proceedings which are current or threatened in writing against any Obligor where such proceedings have been, or there is a reasonable likelihood that they will be adversely determined and which would, if adversely determined, be reasonably likely to have a Material Adverse Effect;
  - (ii) as soon as reasonably practicable after becoming aware of the same (subject to commercial sensitivity exceptions), details of any communication, enquiry, investigation or proceeding with, from or involving any regulator or other governmental authority,

where such communication relates to a matter which has or could reasonably be expected to have a Material Adverse Effect or where such enquiry, investigation or proceeding, if adversely determined, would have or could reasonably be expected to have a Material Adverse Effect; and

- (iii) such material information (including hedging information) about the business and financial condition of the Security Group which can be requested by the Security Trustee on the instruction of Qualifying Secured Creditors holding at least 20 per cent. by value of the Qualifying Secured Debt, provided that, when no Event of Default or Trigger Event subsists, only one such request may be made in any 12-month period.
- (j) In addition, Elenia Networks shall maintain an open access investor website (being <http://www.elenia.com/en/financialinformation/debt-investor-information>) (the **Designated Website**) on which information to be provided pursuant to the CTA to the Secured Creditors shall be published. Notwithstanding the foregoing Elenia Networks may designate a third party to operate and manage the Designated Website on its behalf. Elenia Networks must promptly, upon becoming aware of its occurrence, notify the Security Trustee and the Bond Trustee if the Designated Website cannot be accessed for a period of five business days or the Designated Website or any information on it is infected by an electronic virus or similar software for a period of five Business Days, in which case each relevant Obligor must supply the Security Trustee and the Bond Trustee with all information required under the CTA in paper form with copies as requested by any Finance Party.

#### *General Covenants*

Pursuant to the CTA, each Obligor (other than the Issuer) gives covenants which are customary for a financing of the type (with customary carve-outs, thresholds and caveats) including in relation to compliance with laws, conduct of business and maintenance of licences and authorisations. In particular, each Obligor (other than the Issuer) gives the following covenants:

- (a) to obtain, comply with and do all that is necessary to maintain in full force and effect any material Authorisation required under any law or regulation of a Relevant Jurisdiction to enable it to carry on its business, perform its obligations under the Finance Documents and to ensure (subject to the Reservations) the legality, validity and enforceability or admissibility in evidence of any Finance Document where failure to do so would have or would be reasonably likely to have a Material Adverse Effect;
- (b) to comply with all laws to which it may be subject if failure to comply has or is reasonably likely to have a Material Adverse Effect;
- (c) to comply with all Environmental Laws and obtain and ensure compliance with all requisite Environmental Permits and implement procedures to monitor compliance with and prevent liability under any Environmental Law, where failure to do so has or is reasonably likely to have a Material Adverse Effect;
- (d) promptly to inform the Security Trustee and the Secured Creditor Representatives in writing of any Environmental Claim against any member of the Security Group where the claim, if adversely determined, would be reasonably likely to have a Material Adverse Effect;
- (e) not to enter into any amalgamation, demerger, merger, consolidation, or corporate reconstruction other than a Permitted Transaction or a Permitted Disposal;
- (f) only to carry on the Permitted Business;

- (g) not to acquire a company or any shares or securities or a business or undertaking or other ownership interests or incorporate any company other than by way of a Permitted Acquisition or Permitted Transaction;
- (h) not (among other things) to enter into, invest in or acquire any interest in, transfer assets, lend to or guarantee or give any indemnity or Security Interests for the obligations of any Joint Venture other than any Permitted Joint Venture, Permitted Acquisition, Permitted Disposal or a Permitted Loan;
- (i) that the Parent, Elenia Finance (SPPS) and Elenia Holdings shall only trade, carry on any business, own any assets or incur any liabilities as follows:
  - (i) the provisions of administrative services to other members of the Security Group;
  - (ii) in respect of Elenia Holdings, the ownership of Elenia Networks or any other shares acquired in connection with a Permitted Acquisition or a Permitted Joint Venture, provided that such acquisition does not or would not be reasonably likely to have a Material Adverse Effect;
  - (iii) in respect of the Parent and Elenia Finance (SPPS), the ownership of Elenia Holdings;
  - (iv) credit balances in bank accounts, cash and Cash Equivalent Investments but only if these are subject to any Security Document;
  - (v) owning any assets, incurring any liabilities and performing obligations under the Finance Documents and otherwise in the ordinary course of business as a holding company;
  - (vi) incurring liability to pay Tax and paying the Tax;
  - (vii) entering into Permitted Loans or making Restricted Payments; or
  - (viii) making Permitted Payments;
- (j) to ensure that unsecured and unsubordinated claims of a Secured Creditor against it under the Finance Documents rank at least *pari passu* with the claims of its other unsecured and unsubordinated creditors except where mandatorily preferred by laws of general application;
- (k) not to create or permit to subsist any Security Interest over any of its assets other than Security or Quasi Security which is a Permitted Security, a Permitted Disposal or a Permitted Transaction;
- (l) not to enter into a single transaction or series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset, unless it is a Permitted Disposal, a Permitted Transaction or a Permitted Payment provided that the Parent and Elenia Finance (SPPS) shall directly own all of the shares in Elenia Holdings and Elenia Holdings shall directly own all of the shares in Elenia Networks;
- (m) not to enter into any transaction with any person otherwise than on arm's length terms and for fair market value unless such transaction is permitted under applicable law and is:
  - (i) an intra-Security Group loan or an Investor Funding Loan permitted under the CTA;
  - (ii) for the payment of fees, costs and expenses payable under the Finance Documents in the amounts set out therein;
  - (iii) a Permitted Transaction or any Permitted Payment; or

- (iv) a transaction between members of the Security Group which are permitted by the terms of the Common Documents;
- (n) not to be the creditor in respect of any Financial Indebtedness other than where such Financial Indebtedness is a Permitted Loan;
- (o) not to incur or allow to be outstanding any guarantee in respect of any person other than a Permitted Guarantee;
- (p) not to make a Restricted Payment unless the Restricted Payment Condition is satisfied, other than where such Restricted Payment is a Permitted Payment or a Restricted Payment as a result of the solvent liquidation or reorganisation of any member of the Security Group which is not an Obligor so long as any payments or assets distributed as a result of such liquidation or reorganisation are distributed to other members of the Security Group (other than the Parent);
- (q) not to incur or permit to be outstanding any Financial Indebtedness other than Permitted Financial Indebtedness, Permitted Additional Financial Indebtedness or a Permitted Transaction. No Obligor may incur (other than through the Initial Authorised Credit Facilities Agreement or any WC Facility or Capex Facility) or change the scheduled maturity date of any Financial Indebtedness if as a result there would fall due, in any period of 36 months, an aggregate principal amount (including accretions by indexation (other than mandatory breaks in respect thereof) of the notional amount under any Hedging Agreement and excluding uncrystallised payments under any Hedging Agreement) in excess of:
  - (i) €500 million at the relevant time; or
  - (ii) such larger amount provided that:
    - (A) the Security Group Agent has first obtained confirmation from the Ratings Agencies currently appointed that this will not result in a downgrade of the Bonds to the lower of: (I) the long-term credit rating of the Bonds on the Initial Issue Date; and (II) the then current long-term credit rating (as long as it is Investment Grade); or
    - (B) if one or more Rating Agencies cannot provide such confirmation, the Security Group Agent certifies (providing evidence) that such increase will not result in the then long-term credit rating on the Bonds to be reduced below the lower of: (I) the long-term credit rating of the Bonds on the Initial Issue Date; and (II) the then current long-term credit rating of the Bonds, as long as it is Investment Grade;
- (r) not to issue any shares except pursuant to a Permitted Share Issue or the solvent liquidation or reorganisation of any member of the Security Group which is not an Obligor so long as any payments or assets distributed as a result of such liquidation or reorganisation are distributed to other members of the Security Group (other than the Parent);
- (s) to maintain insurances with reputable independent insurance companies or underwriters on and in relation to its business and assets against those risks and to the extent as is commercially prudent in accordance with good industry practice for such assets for companies carrying on the same or a substantially similar business;
- (t) if an Event of Default is continuing or the Security Trustee reasonably suspects that an Event of Default is continuing, subject to existing contractual arrangements and applicable law, to permit the Security Trustee and/or its accountants or other advisers and contractors to have free access at

reasonable times and on reasonable notice at the Obligor's cost to the premises, assets, books, accounts and records of each member of the Security Group and to meet and discuss matters with senior management of the Security Group and its Auditors;

- (u) to use all reasonable endeavours to preserve and maintain the subsistence and validity of the material Intellectual Property Rights necessary for its business and obtaining all necessary registrations where failure to do so is reasonably likely to have a Material Adverse Effect;
- (v) not to amend, vary, novate, supplement, supersede, waive or terminate any term of a Finance Document, except in accordance with the provisions of the STID and its own terms;
- (w) not to enter into any Treasury Transaction, other than the hedging transactions documented by the Hedging Agreements or in accordance with the Hedging Policy;
- (x) not to do anything to change its centre of main interests for the purpose of Council Regulation (EC) No. 1346/2000;
- (y) to use reasonable endeavours to maintain a rating of the Bonds issued by the Issuer from at least one Rating Agency (and may, in addition, seek a credit rating from any other rating agency) and to cooperate with the Rating Agencies in connection with any reasonable request for information in respect of the maintenance of a rating and with any review of its business which may be undertaken by one or more of the Rating Agencies after the Initial Issue Date;
- (z) not to change the accounting reference date unless the process specified in the CTA is followed and such change could not be reasonably expected to have a Material Adverse Effect;
- (aa) to retain at all times internationally reputable auditors;
- (bb) Elenia Networks to procure that at all times there be at least one independent director on the board of directors of the Issuer and Elenia Holdings and Elenia Finance (SPPS) to procure that at all times there be at least one independent director on the board of directors of Elenia Networks;
- (cc) not to change its constitutional documents without the Security Trustee's consent, if such change would be reasonably likely to have a Material Adverse Effect; and
- (dd) to pay and discharge all Taxes imposed on it or its assets within the time period allowed without incurring penalties unless and to the extent that: (i) such payment is being contested in good faith; (ii) such Obligor has adequate reserves for those Taxes and the costs required to contest them which have been disclosed in its latest financial statements delivered to the Security Trustee; and (iii) such payment can be lawfully withheld or a failure to pay such Taxes does not or would not reasonably be expected to have a Material Adverse Effect.

Pursuant to the CTA, the Issuer (and Elenia Networks shall procure that the Issuer) additionally covenants (including but not limited to) the following:

- (a) not to amend its articles of association without the prior consent of the Security Trustee (such consent not to be unreasonably withheld or delayed) provided that the Issuer may amend its articles of association without the Security Trustee's prior consent if such change would not be reasonably likely to have a Material Adverse Effect;
- (b) to at all times carry on and conduct its affairs in its own name;
- (c) to keep proper separate books of account, records and financial statements and allow the Bond Trustee and any person appointed by the Bond Trustee to whom the Issuer shall have no



reasonable objection free access to such books of account, records and financial statements at all reasonable times during normal business hours;

- (d) not to commingle its assets with the assets of any other entities;
- (e) to pay its own Liabilities out of its own funds (or funds that it is otherwise permitted to obtain);
- (f) to maintain an arm's length relationship with any other entities;
- (g) to use reasonable endeavours to correct any known misunderstanding regarding its separate identity of which it is aware;
- (h) to use its own stationery, invoice and cheques;
- (i) not to sell, convey, transfer, lease, assign or otherwise dispose of or agree or attempt or purport to sell, convey, transfer, lease or otherwise dispose of or use, invest or otherwise deal with any of its properties, assets or undertaking or grant any option or right to acquire the same save for any Permitted Security or of cash or Group Contributions to other members of the Security Group;
- (j) not to enter into any amalgamation, demerger, merger, consolidation, corporate reconstruction or legally consolidate;
- (k) not to grant, create or permit to subsist any Security Interests (unless by operation of law) over its assets or undertakings, present or future, other than:
  - (i) the Security Interests created pursuant to the Security Documents;
  - (ii) any netting or set-off arrangement under an ISDA Master Agreement entered into pursuant to the CTA (and in certain circumstances specified therein); and
  - (iii) any Security Interest or Quasi-Security provided to a stock, trade or derivate exchange for the purpose of entering into a Hedging Agreement;
- (l) not make any Restricted Payment unless the Restricted Payment Condition is satisfied and then only in the manner permitted by its memorandum and articles of association and by applicable laws;
- (m) not to incur or permit to subsist any Financial Indebtedness other than:
  - (i) arising (including in respect of committed amounts) under the Finance Documents on the Initial Issue Date and/or drawings under the Liquidity Facility Agreement;
  - (ii) Permitted Financial Indebtedness; and
  - (iii) arising under the Elenia Networks Loan Agreement and the Elenia Heat Loan Agreement;
- (n) not to acquire any leasehold, freehold or heritable property;
- (o) not to have any employees (save to the extent that the Issuer is held harmless or otherwise reimbursed in respect of net costs exceeding €100,000) or premises or have any subsidiary undertaking other than Elenia Finance (SPPS);
- (p) subject to the Reservations, not to permit any of the Finance Documents to become invalid and not to vary or waive any term save as permitted by the Finance Documents and to maintain and

- take all reasonable steps to enforce its rights and exercise its discretions under the Finance Documents in accordance with good industry practice;
- (q) not to engage in any activity which is not incidental to or necessary in connection with any other activities in which the Finance Documents provide or envisage that the Issuer will engage;
  - (r) to operate and maintain its business in a safe, efficient and business-like manner and in accordance with its memorandum and articles of association or other constitutional documents and (in all material respects) the Common Documents;
  - (s) promptly to do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Security Trustee or the Bond Trustee may reasonably specify:
    - (i) to perfect the Security Interest created by the Finance Documents or for the exercise of any rights, powers and remedies of the Security Trustee or the Secured Creditors provided by or pursuant to the Finance Documents or by law;
    - (ii) to confer on the Security Trustee or confer on the Secured Creditors a Security Interest over any property and assets of that Obligor (as applicable) located in any jurisdiction equivalent or similar to the Security Interest intended to be conferred by or pursuant to any Security Document; and/or
    - (iii) to facilitate the realisation of the assets which are, or are intended to be, the subject of any Security Document;
  - (t) to take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Security Interest conferred or intended to be conferred on the Security Trustee or the Secured Creditors by or pursuant to the Finance Documents;
  - (u) so far as permitted by applicable law and subject to any binding confidentiality restrictions, to give to the Bond Trustee such opinions, certificates, information and evidence as it shall require and in such form as it shall require for the purpose of the discharge or exercise of the duties, trusts, powers, authorities and discretions vested in it under the Bond Trust Deed or by operation of law;
  - (v) so long as any of the Bonds or Coupons remains liable to prescription and so far as permitted by applicable law and subject to any binding confidentiality restrictions, to execute and do all such further documents, acts and things as may be necessary at any time or times in the opinion of the Bond Trustee for the purpose of discharging its functions under, or giving effect to the Bond Trust Deed;
  - (w) to maintain an Agent Bank, Reference Banks, Paying Agents, a Registrar, Transfer Agents, Exchange Agents and other Paying Agents in accordance with the Conditions and maintain such other agents as may be required by the Conditions or by any other stock exchange (not being the London Stock Exchange) on which the Bonds may be listed;
  - (x) where the only city in which any Bonds are for the time being listed or quoted is located in the United Kingdom, but without prejudice to the rights of the Issuer (subject to compliance with the terms of the Agency Agreement) to terminate any particular paying agency, use reasonable endeavours to appoint and maintain (in each case, if lawful so to do) a Paying Agent having a specified office in a city located in mainland Europe, provided that:

- (i) the Issuer shall not be in breach of the provisions of this subparagraph (x) if the Issuer does not appoint or maintain such additional Paying Agent:
  - (A) following advice by an independent expert (reasonably acceptable to the Bond Trustee) that appointment or maintenance thereof would, or would be reasonably likely to, cause the Issuer significant loss, cost, expense or inconvenience; or
  - (B) where such country or countries as might be satisfactory with regard to subparagraph (A) above are, in the opinion of the Issuer (as certified to the Bond Trustee by a Director of the Issuer), undesirable for financial, economic, political and/or market reasons; and
- (ii) without prejudice to Condition 6 (*Interest and other Calculations*), where the Issuer could meet its obligations under paragraph (s) above and this paragraph (ii) only by selecting a country pursuant to whose laws or regulations payment would be conditional upon some certificate or declaration by or on behalf of any person the Issuer shall, nevertheless, be entitled so to select;
- (y) to procure the Principal Paying Agent and the Registrar to notify the Bond Trustee forthwith in the event that the Principal Paying Agent or, as the case may be, the Registrar does not, on or before the due date for any payment in respect of the Bonds or any of them or any of the relative Receipts or Coupons, receive unconditionally pursuant to the Agency Agreement payment of the full amount in the requisite currency of the moneys payable on such due date on all such Bonds, Receipts or Coupons as the case may be;
- (z) in the event of the unconditional payment to the Principal Paying Agent, the Registrar or the Bond Trustee of any sum due in respect of the Bonds or any of them or any of the relative Receipts or Coupons being made after the due date for payment thereof, give or procure to be given notice to the relevant Bondholders in accordance with Condition 17 (*Notices*) that such payment has been made;
- (aa) if the relevant Final Terms indicate that the Bonds are to be listed on a relevant Stock Exchange, to use its reasonable endeavours to maintain the quotation or listing on the relevant Stock Exchange of those of the Bonds which are quoted or listed on the relevant Stock Exchange or, if it is unable to do so having used its reasonable endeavours or if the Bond Trustee agrees that the maintenance of such listings is unduly onerous, use its reasonable endeavours to obtain and maintain a quotation or listing of the Bonds on such other stock exchange or exchanges or securities market or markets as the Issuer may (with the prior written approval of the Bond Trustee) decide and also upon obtaining a quotation or listing of such Bonds issued by it on such other stock exchange or exchanges or securities market or markets enter into a trust deed supplemental to the Bond Trust Deed and/or a supplemental paying agency agreement, in each case, as required to effect such consequential amendments to the Bond Trust Deed or the Agency Agreement as the Bond Trustee may require or as shall be requisite to comply with the requirements of any such stock exchange or securities market;
- (bb) so long as any of the Bonds or Coupons remains liable to prescription, comply with and perform all its obligations under the Agency Agreement and use its reasonable endeavours to procure that the Agent Bank, the Paying Agents, the Registrar, any Transfer Agent and the other Paying Agents comply with and perform all their respective obligations thereunder and (in the case of the Paying Agents and the Registrar) any notice given by the Bond Trustee pursuant to paragraph (a) of clause 2.3 (Bond Trustee's requirements regarding Paying Agents etc.) of the Bond Trust Deed and, except as contemplated therein, not make any amendment or modification to such Agreement without the prior written approval of the Bond Trustee and use all reasonable endeavours to make such amendments to such Agreement as the Bond Trustee may require;

- (cc) to use its reasonable endeavours to procure that Euroclear and/or Clearstream, Luxembourg issue(s) any record, certificate or other document requested by the Bond Trustee under the Bond Trust Deed or otherwise as soon as practicable after such request;
- (dd) The Cash Manager shall provide the cash management services set out in the CTA and, in connection therewith shall:
  - (i) prepare and keep, or procure that each Obligor shall prepare and keep, such accounts and books and records as are required by applicable law and otherwise maintain such accounts, books and records for each Obligor as are necessary for the proper and efficient management of each of their respective businesses;
  - (ii) provide such cash management services to members of the Security Group as are necessary for the proper and efficient management of each of their respective businesses and as are necessary for each Obligor to comply with its obligations under the Finance Documents, including but not limited to:
    - (A) monitoring each Obligors' respective reporting obligations under the Finance Documents and procuring the preparation and the provision of accounts, reports and other information to its creditors in accordance with the Finance Documents;
    - (B) monitoring and managing the bank accounts of each Obligor and ensuring that payments into and from such accounts are only made to the extent permitted under, and in accordance with, the terms of the Security Documents and the Finance Documents; and
    - (C) procuring that Auditors are duly appointed to each Obligor required to produce audited accounts under any applicable law or under the Finance Documents and assisting Auditors with the annual audit;
- (ee) to promptly: (i) obtain, comply with and do all that is necessary to maintain in full force and effect, any material Authorisation required under any law or regulation of a Relevant Jurisdiction to enable it to perform its obligations under the Finance Documents; (ii) ensure, subject to the Reservations, the legality, validity, enforceability or admissibility in evidence of any Finance Document and obtain, comply with and do all that is necessary to maintain in full force and effect, any material Authorisation required under any law or regulation of a Relevant Jurisdiction to carry on its business; and (iii) supply certified copies of any such material Authorisation to the Security Trustee upon request, in each case where failure to do so would have or would be reasonably likely to have a Material Adverse Effect;
- (ff) to comply in all respects with all laws to which it may be subject, if failure so to comply has or is reasonably likely to have a Material Adverse Effect;
- (gg) to pay and discharge all Taxes imposed upon it or its assets within the time period allowed without incurring penalties unless and only to the extent that: such payment is being contested in good faith; adequate reserves are being maintained for those Taxes and the costs required to contest them which have been disclosed in its latest financial statements delivered to the Security Trustee; and such payment can be lawfully withheld and failure to pay those Taxes does not have or is not reasonably likely to have a Material Adverse Effect;
- (hh) not change its residence for Tax purposes;
- (ii) not to acquire a company or any shares or securities or a business or undertaking (or, in each case, any interest in any of them), transfer any assets or lend to or guarantee or give an indemnity

for or give any Security Interest for the obligations of a Joint Venture or maintain the solvency of or provide working capital to any Joint Venture (or agree to do any of the foregoing), or incorporate a company other than the subscription of shares in Elenia Finance (SPPS);

- (jj) not to enter into any Treasury Transaction, other than the hedging transactions documented by the Hedging Agreements or in accordance with the Hedging Policy;
- (kk) not to do anything to change the location of its centre of main interests, for the purposes of Council Regulation (EC) No 1346/2000 of 29 May 2000 on insolvency proceedings;
- (ll) to use reasonable endeavours to maintain a credit rating from at least one Rating Agency for the Bonds, and may, in addition, seek a credit rating from any other rating agency;
- (mm) to cooperate with the Rating Agencies in connection with any reasonable request for information in respect of the maintenance of a rating;
- (nn) not to change its Accounting Reference Date, unless the conditions in the CTA are met (*mutatis mutandis*);
- (oo) at all times to retain internationally reputable auditors and, as soon as reasonably practicable, inform the Security Trustee, the Arrangers of the Programme and the Dealers of any change to its auditors;
- (pp) not to trade, carry on any business, own any assets or incur any liabilities except for:
  - (i) issuing the Bonds and the PP Notes, entering into the Finance Documents, the Dealership Agreement and any Subscription Agreement and performing the transactions contemplated thereunder;
  - (ii) the provision of Cash Management Services to other members of the Security Group;
  - (iii) the ownership of and investments in Elenia Finance (SPPS);
  - (iv) maintaining credit balances in bank accounts, cash and Cash Equivalent Investments but only if those credit balances, cash and Cash Equivalent Investments are subject to any Security Document;
  - (v) holding any assets and incurring any liabilities and performing obligations under the Finance Documents, the Dealership Agreement and any Subscription Agreement to which it is a party and professional fees and administration costs in connection therewith and otherwise in the ordinary course of business;
  - (vi) incurring liability to pay Tax and paying the Tax; or
  - (vii) entering into Permitted Loans or making Restricted Payments; and
- (qq) to ensure that at all times any unsecured and unsubordinated claims of a Secured Creditor against it under the Finance Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies.

### Trigger Events

The CTA also sets out certain Trigger Events. The specific Trigger Events and the consequences which flow from the occurrence of those events are set out below.

(a) *Liquidity Required Amount*

The sum of the amount available under a Liquidity Facility Agreement at any time and any amount credited to the Debt Service Reserve Account is in aggregate less than the Liquidity Required Amount.

(b) *Financial ratios*

On any date when any of the following ratios is calculated in accordance with the CTA to breach the relevant level specified below (each a **Trigger Event Ratio Level**) as determined at the Calculation Date relating to the relevant Calculation Period:

(i) the Interest Coverage Ratio is less than 1.70 to 1;

(ii) the Leverage Ratio is greater than 9.5 to 1,

in each case as stated in the relevant Compliance Certificate.

(c) *Liquidity for Capital Expenditure and Working Capital (the **Liquidity for Capital Expenditure and Working Capital Trigger Event**)*

If, as at any Calculation Date, the aggregate of:

(i) Elenia Networks' operating cash flows (including monies standing to the credit of the Operating Accounts) available or forecast to be available to meet Capital Expenditure and working capital requirements for the next 12 months; and

(ii) amounts available to be drawn in the next 12-month period under the Capex Facility and the WC Facility,

is less than the aggregate of:

(A) Elenia Networks' forecast Capital Expenditure projected for the next 12-month period; and

(B) Elenia Networks' forecast working capital requirements for the next 12-month period.

(d) *Amendment of Licence*

A Regulator gives Elenia Networks notice of any proposed or actual modification to the Networks Licence which has, or would reasonably be expected to have, a Material Adverse Effect or result in a breach of the Default Ratios.

(e) *Transfer of electricity system*

Elenia Networks receives written notice from the Regulator or is involved in other proceedings with the Regulator in respect of the transfer of its electricity system to another system operator, in each case where such transfer is reasonably likely to occur and would or would reasonably be expected to have a Material Adverse Effect or result in a breach of the Default Ratios.

(f) *Adverse Legislation*

The commencement of the final reading of any draft legislation or similar governmental instrument or the equivalent stage, which if enacted or otherwise brought into force, would or

would reasonably be expected to have a Material Adverse Effect or result in a breach of the Default Ratios.

(g) *Drawdown on Liquidity Facilities*

An Obligor draws down under a Liquidity Facility (excluding any drawing or repayment of any Standby Drawing) or withdraws sums credited to a Debt Service Reserve Account, respectively, or a Liquidity Standby Account, if the withdrawal of such amount is for the purposes of making scheduled debt service payments on the Senior Debt.

(h) *Event of Default*

Without prejudice to the other remedies in respect thereof, and subject to the expiry or any applicable grace or remedy, the occurrence of an Event of Default which is continuing.

(i) *Credit rating downgrade*

The long-term credit rating of any Bonds ascribed by the Ratings Agency/ies (which have been engaged by the Issuer to provide a public long-term credit rating) is downgraded below Investment Grade.

(j) *Auditor qualification*

The Auditors formally qualify their report (rather than include in it matters of emphasis or other equivalent statements) on any audited Financial Statements provided by the Security Group and such qualification has or is reasonably expected to have a Material Adverse Effect.

(k) *Super Senior inflation linked Hedging Agreements*

on any Calculation Date the aggregate amount of all accretions by indexation to the aggregate original notional amount of any Super Senior Hedging Agreements which hedge payments to be made by reference to inflation is greater than 8 per cent. of the aggregate principal amount of Senior Debt outstanding as at the most recent Calculation Date.

### **Trigger Event Consequences**

Following the occurrence of a Trigger Event and at any time until such Trigger Event has been waived by the Security Trustee or remedied in accordance with the Trigger Event Remedies (see " — *Trigger Event Remedies*" below) the following provisions (**Trigger Event Consequences**) will apply:

(a) *Proposals for Remedy and Meetings*

The Security Trustee may request the Security Group, or such members thereof as the Security Trustee may consider appropriate or as it may be directed to request by the Qualifying Secured Creditors (acting reasonably) representing at least 20 per cent. of the Outstanding Principal Amount under the Qualifying Secured Debt provided the Trigger Event is continuing for 12 months or more: (i) to provide the Security Trustee within a specified timeframe being not less than 30 Business Days with its written proposals for the remedy of the Trigger Event (to the extent the same is capable of remedy by the Security Group); and/or (ii) to meet with the Security Trustee and such Secured Creditor Representatives as the Security Trustee may request such meeting to discuss the ramifications of the Trigger Event and its remedy.

(b) *No Restricted Payments*

No Obligor may make a Restricted Payment until the Calculation Date after the Trigger Event is cured and provided that no Trigger Event is then subsisting.

(c) *Further Information*

So far as permitted by any applicable law, regulation, order or any binding confidentiality obligations and provided the Trigger Event is continuing for 12 months or more, the Security Group must provide such information as to the relevant Trigger Event (including its causes and effects) as may be requested by the Security Trustee acting on the instructions of 20 per cent. or more by value of the Qualifying Secured Creditors, provided that no Obligor will be obliged to provide any information which is commercially sensitive and disclosure of such information could be materially prejudicial to the business and interests of such Obligor or the Security Group taken as a whole or supply details of any communication, correspondence, enquiry, investigation or proceeding of a preliminary nature unless and until there is a reasonable prospect that the matters addressed therein are reasonably likely to proceed in such a manner that, if adversely determined, would have or could reasonably be expected to have a Material Adverse Effect.

### **Trigger Event Remedies**

At any time when an Obligor believes that a Trigger Event has been remedied by virtue of any of the following, it must serve notice on the Security Trustee (signed by two directors) to that effect. The Security Trustee must respond within ten days (or such longer period as it may reasonably agree with the relevant Obligor (as the case may be)) confirming that the relevant Trigger Event has, in its reasonable opinion, been remedied or setting out its reasons for believing that such Trigger Event has not been remedied (in which case, such event shall continue to be a Trigger Event until such time as the Security Trustee is reasonably satisfied that the Trigger Event has been remedied).

The following shall constitute remedies to the Trigger Events (each, a **Trigger Event Remedy**):

(a) *Liquidity Required Amount*

The occurrence of the Trigger Event in respect of the Liquidity Required Amount will be remedied if an Obligor provides the Security Trustee with documentation (including a certificate signed by two directors of the Obligor confirming what the Liquidity Required Amount is at the relevant time) evidencing the availability of Liquidity Facilities and/or amounts standing to the credit of the Debt Service Reserve Accounts up to the Liquidity Required Amount.

(b) *Financial ratios*

The breach of a Trigger Event Ratio Level will be remedied if such ratio is or such ratios are equal to or better than the Trigger Event Ratio Level as determined as at the most recently occurring Calculation Date relating to the Relevant Period as stated in the Compliance Certificate.

(c) *Liquidity for Capital Expenditure and Working Capital*

The Liquidity for Capital Expenditure and Working Capital Trigger Event will be remedied if on any subsequent date the amounts referred to in paragraphs (i) and (ii) of the Trigger Events for "Liquidity for Capital Expenditure" and "Working Capital Trigger Event" are in aggregate equal to or greater than the aggregate of the amounts referred to in paragraphs (A) and (B) thereof.



(d) *Amendment of Licence*

The occurrence of the Trigger Event in respect of the amendment of any licence will be remedied if an Obligor provides the Security Trustee with written confirmation together with such supporting evidence as may be required by the Security Trustee evidencing that:

- (i) the proposed or actual modification to the Networks Licence will not be made; or
- (ii) Elenia Networks has agreed a form of modification to the Networks Licence which does not and would not be reasonably expected to have a Material Adverse Effect or result in a breach of the Default Ratios.

(e) *Transfer of electricity system*

The occurrence of the Trigger Event in respect of the transfer of electricity system will be remedied if an Obligor provides the Security Trustee with written confirmation together with such supporting evidence as may be required by the Security Trustee evidencing that the proposed transfer (as referred to in the relevant written notice or other proceedings) of its electricity system to another system operator will not take place.

(f) *Adverse Legislation*

The occurrence of the Trigger Event in relation to adverse legislation will be remedied if the draft legislation or similar governmental instrument: (i) fails to become an act of parliament within six months or the final reading; or (ii) is brought into force in a form which is reasonably likely not to have a Material Adverse Effect or result in a breach of the Default Ratios.

(g) *Drawdown on Liquidity Facility*

The occurrence of a Trigger Event in relation to drawdowns under a Liquidity Facility will be remedied if the aggregate balance drawn down (other than by way of Standby Drawings) under any Liquidity Facility is repaid in full together with all interest accrued thereon and an amount equal to any sums withdrawn from the Debt Service Reserve Accounts or the Liquidity Standby Accounts for the purposes of making scheduled debt service payments on the Secured Debt is deposited into the Debt Service Reserve Accounts or the Liquidity Standby Accounts.

(h) *Event of Default*

The occurrence of a Trigger Event in relation to an Event of Default will be remedied if the Event of Default is waived in accordance with the STID or is remedied to the satisfaction of the Security Trustee.

(i) *Credit Rating Downgrade*

The occurrence of a Trigger Event in relation to a credit rating downgrade will be remedied if the credit rating of the Bonds given by the Rating Agency/ies that have been engaged by the Issuer to provide a public long-term credit rating is no longer below Investment Grade.

(j) *Auditor qualification*

The occurrence of a Trigger Event in respect of an audit qualification will be remedied if either a further set of audited Financial Statements are issued in respect of which the audit report is not qualified or the original audit qualification is withdrawn.

(k) *Super Senior inflation linked Hedging Agreements*

The occurrence of a Trigger Event in respect of super senior inflation linked Hedging Agreements will be remedied if on any subsequent Calculation Date, the aggregate amount of all accretions by indexation to the aggregate original notional amount of any Super Senior Hedging Agreements which hedge payments to be made by reference to inflation no longer exceed 8 per cent. of the aggregate principal amount of Senior Debt as at that subsequent Calculation Date.

**Events of Default**

The CTA contains the following events of default which together constitute the **Events of Default** under each Finance Document other than any Liquidity Facility Agreement and any Hedging Agreement, each one being an **Event of Default**:

(a) *Nonpayment*

An Obligor does not pay on the due date of amounts payable under the Finance Documents in the manner required under such documents unless its failure to pay is caused by administrative or technical error and payment is made within three Business Days of the due date.

(b) *Breach of Financial Covenants*

Either:

(i) the Interest Coverage Ratio; and/or

(ii) the Leverage Ratio,

in each case, as at the relevant Calculation Date as stated in the Compliance Certificate produced in respect of any Reporting Date breaches the relevant Default Ratio and provided that an Event of Default under paragraph (i) or (ii) may be cured by exercise of any Equity Cure Right at any time.

(c) *Breach of other Obligations*

An Obligor does not comply with any provision of the Finance Documents (other than those referred to in paragraphs (a) and (b) above, and other than where an Obligor does not comply with any requirement in paragraph (p) under " – *General Covenants*" above) where such noncompliance has a Material Adverse Effect, other than (including in the case of a breach of paragraph (p) under " – *General Covenants*" above) if the failure to comply is capable of remedy and is remedied within 20 Business Days of the earlier of: (i) the Security Trustee giving notice to the Security Group Agent; and (ii) the Security Group Agent becoming aware of the failure to comply.

(d) *Misrepresentation*

Any representation or statement made by an Obligor in Finance Documents or in any document delivered by or on behalf of any Obligor under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect when made other than if the failure or event or circumstance giving rise to the breach is capable of remedy and is remedied within 20 Business Days of the earlier of: (i) the Security Trustee giving notice to Elenia Networks; and (ii) Elenia Networks becoming aware of the event or circumstance.

(e) *Insolvency*

- (i) Any Obligor is unable or admits inability to pay its debts as they fall due or is deemed to or declared to be unable to pay its debts under applicable law, suspends or threatens to suspend making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with its creditors generally with a view to rescheduling any of its indebtedness other than where the relevant indebtedness arises under any Subordination Liabilities or Subordinated Intragroup Liabilities, any intragroup loan or guarantee or any amount owed to a Subordinated Creditor Subordinated Intragroup Creditor.
- (ii) A moratorium is declared in respect of any indebtedness of any Obligor, provided that, if a moratorium occurs, the ending of the moratorium will not remedy any Event of Default caused by that moratorium.
- (iii) An Obligor incorporated in the Netherlands gives notice to the Dutch tax authorities under section 36(2) of the Dutch 1990 Tax Collection Act (*Invorderingwet 1990*).

(f) *Insolvency Proceedings*

- (i) Any corporate action, legal proceedings or other procedure or step is taken in relation to:
  - (A) the suspension of payments, a moratorium of any indebtedness, winding up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any Obligor (under Finnish law *konkurssi, yrityssaneeraus* or *selvitystila*);
  - (B) a composition, compromise, assignment or arrangement with creditors generally of any Obligor (as part of a general composition, compromise, assignment or arrangement affecting such Obligor's creditors generally) other than a composition compromise, assignment or arrangement with respect to any Subordinated Liabilities or Subordinated Intragroup Liabilities, any intragroup loan or guarantee or any amount owed to an Investor; or
  - (C) the appointment of a liquidator, receiver, administrator, compulsory manager or other similar officer in respect of any Obligor,
- (ii) or any analogous procedure or step is taken in any jurisdiction, other than: (A) any winding-up petition which is: (I) being contested in good faith by any Obligor; or (II) frivolous or vexatious and is discharged, stayed or dismissed within 20 Business Days of commencement or, if earlier, the date on which it is advertised; or (B) any step or procedure contemplated by paragraph (b) of the definition of Permitted Transaction; or (C) in respect of any such action, legal proceedings or step over or relating to assets, the aggregate value of which does not exceed €10 million.

In respect of an Obligor incorporated in the Netherlands, a reference in paragraph 5 (Insolvency) and this paragraph to:

- (A) the "suspension of payments" or a "moratorium" includes *surseance van betaling* and emergency regulations (*noodregeling*);
- (B) an "administrator" includes a *bewindvoerder*;
- (C) a "receiver" includes a *curator*; and

- (D) "a winding up", "administration" or "dissolution" includes *failliet verklaard* and *ontbonden*.
- (i) In respect of an Obligor incorporated in Luxembourg, a reference to:
  - (A) a liquidator, receiver, administrator, compulsory manager or other similar officer includes, without limitation, any:
    - I. *juge-commissaire* or insolvency receiver (*curateur*) appointed under the Luxembourg Commercial Code;
    - II. *liquidateur* appointed under Articles 141 to 151 (inclusive) of the Luxembourg act dated 10 August 1915 on commercial companies, as amended;
    - III. *juge-commissaire* or *liquidateur* appointed under Article 203 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended;
    - IV. *commissaire* appointed under the Grand-Ducal decree of 24 May 1935 on the controlled management regime or under Articles 593 to 614 (inclusive) of the Luxembourg Commercial Code; and
    - V. *juge-délégué* appointed under the Luxembourg act of 14 April 1886 on the composition to avoid bankruptcy, as amended;
  - (B) a winding-up, administration or dissolution includes, without limitation, bankruptcy (*faillite*), insolvency, voluntary or judicial liquidation (*liquidation volontaire ou judiciaire*), composition with creditors (*concordat préventif de faillite*), reprieve from payment (*sursis de paiement*), controlled management (*gestion contrôlée*), general settlement with creditors, reorganisation or similar laws affecting the rights of creditors generally.
- (g) *Unlawfulness and invalidity*
  - (i) It is or becomes unlawful for an Obligor to perform any of its obligations under the Finance Documents or any Security Interest created or expressed to be created or evidenced by the Security Documents ceases to be effective or becomes unlawful or any subordination created under the STID ceases to be effective or is or becomes unlawful.
  - (ii) Any obligation or obligations of any Obligor under any Finance Documents or any other member of the Security Group under the STID are not (subject to the Reservations) or cease to be legal, valid, binding or enforceable.
  - (iii) Any Finance Document ceases to be in full force and effect or any Security Interest or any subordination created under the STID ceases to be legal, valid, binding, enforceable or effective or is alleged by a party to it (other than a Finance Party) to be ineffective.
- (h) *Repudiation and rescission of agreements*
  - (i) An Obligor either rescinds or repudiates or purports to rescind or repudiate a Finance Document or evidences an intention to rescind or repudiate a Finance Document.

- (ii) Any party to the STID (other than a Finance Party or an Obligor) fails to comply with the provisions of, or does not perform its obligations under the STID.
- (iii) Any representation or warranty given by any party to the STID (other than a Finance Party or an Obligor) is incorrect in any material respect.
- (iv) It shall not be an Event of Default under paragraph (ii) or (iii) above if the non-compliance or circumstances giving rise to the misrepresentation are capable of remedy and are remedied within ten Business Days of the earlier of the Security Trustee giving notice to that party or that party becoming aware of the non-compliance or misrepresentation.

(i) *Termination or amendment of Licence*

The Networks Licence or any Authorisation required for the Permitted Business of any Obligor is terminated or the Networks Licence is amended and such amendment has resulted in a Material Adverse Effect and in either case is not replaced (immediately in the case of the Networks Licence) on terms not materially less favourable (taking into account any changes in the regulatory environment since the date of the Initial Issue Date) and (other than in the case of the Networks Licence) such termination has or would reasonably be expected to result in a Material Adverse Effect.

(j) *Nationalisation*

The authority or ability of any member of the Security Group to conduct its business is materially limited or wholly or substantially curtailed by any seizure, expropriation, nationalisation, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority or other person in relation to any member of the Security Group or any of its material assets, in each case, in a manner or to an extent which has a Material Adverse Effect, provided that, any seizure, expropriation, nationalisation, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority or other person: (i) in circumstances where adequate compensation on termination to address any Material Adverse Effect is payable to the Security Group shall not (of itself) constitute an Event of Default if such compensation or termination is applied in prepayment of the Secured Debt; and (ii) will not be determined to have a Material Adverse Effect to the extent that the Rating Agencies have not downgraded the Bonds below Investment Grade. The occurrence of any of the events described in this paragraph (j) shall be without prejudice to any other Event of Default which may occur as a consequence of such events.

(k) *Failure to comply with Judgment*

Any Obligor fails to comply with any final judgment of any court where such failure has a Material Adverse Effect.

(l) *Material Proceedings*

- (i) Any litigation, arbitration, administration or other proceedings are brought against an Obligor or in respect of its assets or revenues (including an expropriation, attachment, sequestration, distress or execution proceedings) which, in any such case, would be reasonably likely to be adversely determined and which, if so adversely determined, has or would reasonably be expected to have a Material Adverse Effect.

- (ii) Any execution proceedings are enforced in relation to any assets of any Obligor where such enforcement has or would reasonably be expected to have a Material Adverse Effect.

(m) *Cross Default*

Any of the following occurs in respect of any Obligor:

- (i) non-payment of amounts payable after the expiry of any originally applicable grace period in respect of any of its Financial Indebtedness (other than in respect of the Secured Debt or the Subordinated Liabilities or Subordinated Intragroup Liabilities) in excess of €5 million (Indexed); or
- (ii) an amount of its Financial Indebtedness (other than in respect of the Secured Debt or the Subordinated Liabilities or Subordinated Intragroup Liabilities) in excess of €20 million (Indexed):
  - (A) is declared due and payable prior to its specified maturity; or
  - (B) is capable of being declared by a creditor to be prematurely due and payable prior to its specified maturity,

in each case, as a result of an event of default (howsoever described).

(n) *Equity Cure*

- (i) If a Compliance Certificate delivered to the Security Trustee for any period shows that there is a breach in respect of a Financial Ratio Event of Default, the Investors may provide or procure the provision of Additional Equity in an amount at least sufficient for the amount necessary to cure the relevant breach (the **Equity Cure Amount**) by applying that Equity Cure Amount in:
  - (A) prepayment or purchase of Senior Debt; or
  - (B) making a deposit to a Defeasance Account in respect of such Senior Debt (to the extent not purchased or prepaid pursuant to this sub-paragraph (n)); and
  - (C) payment of any related Repayment Costs, including, without limitation, paying the related amount payable to Hedge Counterparties arising as a result of termination (in whole or in part) of any Hedging Transactions following the prepayment or purchase of the Senior Debt, to the extent that such termination is necessary in order to remain in compliance with the Hedging Policy following such prepayment or purchase (an **Equity Cure Right**).
- (ii) The exercise of the Equity Cure Right shall be limited to no more than three times in any five-year period.
- (iii) Any Equity Cure Amount must be provided on or prior to the date falling 20 Business Days after the delivery of the relevant Compliance Certificate.
- (iv) On application of the Equity Cure Amount in accordance with the CTA, the applicable financial ratio will be recalculated on a *pro forma* basis as if the EBITDA for the Relevant Period had been increased by the Equity Cure Amount. The Equity Cure Amount shall also be included in the EBITDA calculation on the subsequent Calculation

Date. For the avoidance of doubt, on the two calculation Dates on which the EBITDA calculation is deemed to be increased by the Equity Cure Amount, the *pro forma* recalculation will not double count the application of the Equity Cure Amount in prepayment, purchase and/or redemption described in paragraph (i) above through a reduction of Total Net Debt and/or Net Finance Charges.

- (v) If after the applicable financial ratio is recalculated, the breach has been prevented or cured, that financial ratio shall be deemed to have been satisfied on the date of the relevant Compliance Certificate as though no breach had ever occurred and any related Financial Ratio Event of Default or Trigger Event Ratio shall be deemed not to occur or have occurred, as applicable.

**Additional Equity** means:

- (a) any amount subscribed in cash for shares in Elenia Networks or, provided that the cash consideration in respect of such shares is in turn paid to Elenia Networks, any Holding Company of Elenia Networks or any other form of capital contribution in cash to Elenia Networks (which is not Financial Indebtedness and provided that repayment (if any) of such amounts is subject to the terms of the STID); or
- (b) the incurrence of Subordinated Liabilities by Elenia Networks or, provided that the proceeds of such Subordinated Liabilities are in turn paid to Elenia Networks or any Holding Company of Elenia Networks,

which in each case is in addition to such amounts subscribed, committed or incurred on or before the date of the CTA and the terms of which shall be subject to the terms of the STID.

## **Hedging Policy**

Pursuant to the CTA, the members of the Security Group (including the Issuer) agree to be bound by a hedging policy (the **Hedging Policy**) the purpose of which is to limit the exposure of the Issuer and Elenia Networks to fluctuations in interest rates, currencies and inflation.

The Hedging Policy provides that no member of the Security Group will enter into Treasury Transactions for the purpose of speculation, but rather only to manage risk inherent in its business or funding on a prudent basis and which shall include pre-hedging. The Hedging Policy does not apply to any Treasury Transaction entered into by members of the Security Group in the ordinary course of business and for non-speculative purposes where the counterparty does not accede to the STID.

The Hedging Policy will be reviewed from time to time by the Security Group and may be amended as appropriate including to reflect market practice, regulatory developments and good industry practice in accordance with the provisions of the STID. No amendment, waiver, modification or termination (in whole or part) of any Hedging Agreement will require the consent of any party other than Elenia Networks or the Issuer (as the case may be) and the affected Hedge Counterparty provided that: (a) such amendment, waiver, modification or termination (as the case may be) does not result in any member of the Security Group breaching the Hedging Policy; and (b) no additional consent would be required under the STID and for the avoidance of doubt, no additional consent is required to effect any amendment, waiver, modification or termination (in whole or part) of any Hedging Agreement or this Hedging Policy required to meet the requirements of the Rating Agencies or the requirements under EMIR, in each case, from time to time.

Any changes made to the Hedging Policy shall not adversely affect the rights or obligations of any Hedge Counterparty under a Hedging Agreement that was entered into before the date on which such change to the Hedging Policy was made but shall only apply to Hedging Agreements entered into after the date on

which the change was made, provided that, in the event that further termination rights for Hedge Counterparties are included in the Hedging Policy, such further termination rights shall be, at the election of Elenia Networks or the Issuer (as the case may be) and the Hedge Counterparty included in the relevant Hedging Agreement and such Hedging Agreement may be amended accordingly without requirement the consent of any other party (including the Security Trustee).

For the purposes of determining whether or not there is an Overhedged Position, the notional amount and/or currency amount of a Hedging Transaction (the **First Hedging Transaction**) on any date will be reduced by the notional amount or corresponding currency amount of another Hedging Transaction (the **Second Hedging Transaction**) on that date if that Second Hedging Transaction is an Offsetting Transaction in respect of the First Hedging Transaction. For this purpose, **Offsetting Transaction** means, in respect of the Second Hedging Transaction, a Hedging Transaction which: (a) has been entered into with a Hedge Counterparty which has acceded to the STID and the CTA; (b) is governed by a Hedging Agreement; and (c) where Elenia Networks or the Issuer (as applicable) receives amounts under the First Hedging Transaction on a particular basis, it pays such amounts on such basis under the Second Hedging Transaction and vice versa.

### ***Currency Risk Principles***

Elenia Networks and the Issuer must not bear unhedged currency risk in respect of the interest payable to expected maturity and the repayment of principal under any foreign currency denominated debt instruments.

### ***Interest Rate Risk Principles***

Elenia Networks and the Issuer shall (taken together) hedge the interest rate risk in relation to the total outstanding Relevant Debt to ensure that at any time:

- (a) a minimum of 85 per cent. of the total outstanding Relevant Debt: (i) is fixed rate; (ii) is index-linked; or (iii) effectively bears either a fixed rate or an index-linked rate pursuant to a Hedging Agreement until the end of the then current Regulatory Period, or, where the length of the Regulatory Period has changed after the date of the Common Terms Agreement, a period of four years; and
- (b) a minimum of 50 per cent. of the total outstanding Relevant Debt: (i) is fixed rate; (ii) is index-linked; or (iii) effectively bears either a fixed rate or an index-linked rate pursuant to a Hedging Agreement until the end of the immediately following Regulatory Period or, where the length of the Regulatory Period has changed after the date of the Common Terms Agreement, a period of four years.

Interest rate risk on floating rate liabilities will be hedged through instruments such as interest rate swaps or interest rate options in order to comply with the immediately preceding paragraph.

Elenia Networks and the Issuer will ensure that:

- (a) during the period from and including the Initial Issue Date until to and excluding the date falling one year after the Initial Issue Date, no more than 105 per cent. of the total Relevant Debt: (i) is fixed rate; (ii) is index linked; or (iii) effectively bears a fixed or index-linked rate pursuant to a Hedging Agreement; and
- (b) beginning from one year after the Initial Issue Date, no more than 102.5 per cent. of the total Relevant Debt: (i) is fixed rate; (ii) is index linked; or (iii) effectively bears a fixed or index-linked rate pursuant to a Hedging Agreement.



In the event that the aggregate of the notional amounts of Hedging Transactions and any Pre-hedges exceeds the applicable amount set forth in the preceding paragraph (after taking into account any Offsetting Transaction to which Elenia Networks and/or the Issuer is a party) (an **Overhedged Position**), then Elenia Networks and/or the Issuer (as the case may be) must, within 30 days of becoming aware of the Overhedged Position, reduce the notional amount of one or more of the Hedging Transactions (which may be achieved by terminating one or more Hedging Transactions (in whole or in part) and/or entering into Offsetting Transactions so that it is in compliance with the parameters described above. Elenia Networks and/or the Issuer (as the case may be) will manage the Overhedged Position in its absolute discretion provided that prior to the date on which such Overhedged Position is remedied, Elenia Networks and/or the Issuer will ensure that it has sufficient funds to meet any Repayment Costs which may become due to the Hedge Counterparties, should one or more Hedging Transactions be terminated in accordance with this paragraph and paragraph (a)(iv) under “ - *Principles relating to the termination of Hedging Agreements*” below and, for the avoidance of doubt, Elenia Networks shall apply any Refinancing Proceeds (as such term is defined in the Initial Authorised Credit Facilities Agreement) upon a prepayment made under the Initial Authorised Credit Facilities Agreement pro rata in prepayment of the relevant Facility A Loans (as such term is defined in the Initial Authorised Credit Facilities Agreement) and in payment of any such Repayment Costs that may become due to the Hedge Counterparties should one or more Hedging Transactions be terminated in accordance with this paragraph and paragraph (a)(iv) under “*Principles relating to the termination of Hedging Agreements*” below.

The Security Group will, in addition, be permitted to enter into derivative instruments such as forward starting interest rate swap transactions and/or inflation rate swap transactions with an effective date no later than 24 months from the date of entry into such Treasury Transaction, in respect of Financial Indebtedness which is projected to be incurred within 24 months from the date of entry into such Treasury Transactions (the **Pre-hedges**). Subject to no Event of Default having occurred, such Pre-hedges will not count towards, or be limited by reference to, the Overhedged Position prior to the applicable effective date of the relevant Pre-hedge. The Hedge Counterparties' termination rights set out below shall apply equally to Pre-hedges. In addition, such Pre-hedges will contain provisions to the effect that such Pre-hedges may be terminated at the election of the Issuer or Elenia Networks (as applicable) if the projected Financial Indebtedness is either not incurred or is incurred and the pre-hedging is no longer required, or that, such Pre-hedges are subject to mandatory termination.

#### ***Rating Requirements in Relation to Hedge Counterparties***

The Issuer and Elenia Networks is only permitted to enter into Hedging Agreements with counterparties whose unsecured and unsubordinated debt obligations are assigned a rating by the Ratings Agencies which is no less than the Minimum Short Term Rating or the Minimum Long Term Rating, or where a parent guarantee is provided by an institution which meets the same criteria.

The ratings requirements set out in the preceding paragraph are to be tested only on the entry into of the relevant Hedging Agreement. Without prejudice to any of the Issuer's or Elenia Networks' obligations to comply with the ratings requirements on entry into Hedging Agreements, neither will have any obligation to take any action (or to cease to take any action) if a Hedge Counterparty subsequently ceases to satisfy the criteria set out in the Hedging Policy with respect to counterparties.

A Hedge Counterparty may transfer its obligations under a Hedging Agreement to an Affiliate provided that:

- (a) such Affiliate accedes to the Finance Documents in accordance with the STID; and
- (b) as at the date of transfer, such Affiliate's unsecured and unsubordinated debt obligations are assigned a rating by the Rating Agencies which is no less than “BBB” or its equivalent, or where a parent guarantee is provided by an institution which meets the same criteria.

### ***Principles Relating to Hedging Agreements***

All Hedging Agreements must be entered into (whether by way of novation or otherwise) in the form, as amended by the parties thereto, of an ISDA Master Agreement.

### ***Principles relating to the termination of Hedging Agreements***

The following terms shall apply with respect to the termination of Hedging Agreements:

- (a) a Hedge Counterparty may only terminate a Hedging Agreement if:
  - (i) with respect to a Borrower Hedging Agreement:
    - (A) an event of default relating to a failure to make a payment under a Borrower Hedging Agreement provided that five Business Days have elapsed following delivery of the notice of such failure to pay; or
    - (B) any event outlined in paragraph (e) or paragraph (f) under the heading "*Events of Default*" above if it relates to an event that has occurred in relation to Elenia Networks;
  - (ii) with respect to an Issuer Hedging Agreement:
    - (A) an event of default relating to a failure to make a payment or delivery under the Issuer Hedging Agreement provided that five Business Days have elapsed following delivery of the notice of such failure to pay to the Issuer; or
    - (B) any event outlined in paragraph (e) or paragraph (f) under the heading "*Events of Default*" above if it relates to an event that has occurred in relation to the Issuer;
  - (iii) any Illegality, Tax Event, Tax Event upon Merger or Force Majeure Event (as each is defined in the ISDA Master Agreement) occurs;
  - (iv) an Acceleration Notice is delivered or a Hedge Counterparty is entitled to direct the delivery of an Acceleration Notice pursuant to the STID;
  - (v) an Enforcement Action (other than an Enforcement Action referred to in paragraphs (vi) or (vii) below) or any demand made by a Secured Creditor for scheduled payment in accordance with paragraph the provisions relating to restrictions during a Standstill under the STID;
  - (vi) a Permitted Share Pledge Acceleration occurs;
  - (vii) a Distressed Disposal is undertaken.
  - (viii) a break clause or right of early termination (whether mandatory or optional) granted in favour of Elenia Networks or the Issuer as applicable or the relevant Hedge Counterparty is exercisable in accordance with the terms of the relevant Hedging Agreement;
  - (ix) the Issuer or Elenia Networks have not, within 30 days of becoming aware of an Overhedged Position, reduced the aggregate of the notional amounts under its Hedging Transactions so that each is in compliance with the requirements of the interest rate risk principles set out above, provided that:

- (A) an Early Termination Date (as defined in the relevant Hedging Agreement) may only be designated in respect of the notional amount of the Hedging Agreements to the extent necessary to bring Elenia Networks and the Issuer in compliance with such requirements;
  - (B) the Hedge Counterparties, acting together, shall designate an Early Termination Date on a *pro rata* basis across all Hedging Agreements; and
  - (C) the Hedge Counterparties (each acting reasonably) agree a time period over which Early Termination Dates for the Hedging Agreements are to be designated and a reasonable mechanism to determine the price to the Issuer or Elenia Networks of effecting such reduction;
- (x) in respect of the Initial Borrower Hedge Counterparties only, any member of the Security Group (A) prepays or repays in full all amounts owed to such Hedge Counterparty (or its Affiliate) under each of the Initial Authorised Credit Facilities Agreement, any WC Facility, any Capex Facility and any Liquidity Facility and all of the relevant commitments of such Hedge Counterparty (or its Affiliate) thereunder are cancelled or (B) cancels all of the relevant commitments of such Hedge Counterparty (or its Affiliate) under each of the Initial Authorised Credit Facilities Agreement, any WC Facility, any Capex Facility and any Liquidity Facility; and
- (xi) a Disposal of all or substantially all of the assets or a sale of the business of the Security Group.
- (b) Save as set out in paragraph (a), no Event of Default (as defined in the ISDA Master Agreement) shall apply in relation to the Issuer or Elenia Networks and no Termination Event (as defined in the ISDA Master Agreement) in respect of which the Hedge Counterparty would have a right to terminate the relevant Hedging Transaction shall apply.
- (c) Each Hedge Counterparty will be required to acknowledge in the relevant Hedging Agreement that all amounts payable or expressed to be payable by the Issuer or Elenia Networks (as the case may be) under or in connection with such Hedging Agreement shall only be recoverable (and all rights of the relevant Hedge Counterparty under such Hedging Agreement shall only be exercisable) subject to and in accordance with the STID or the Common Documents as applicable.
- (d) Elenia Networks and the Issuer will be entitled to enter into Treasury Transactions with Hedge Counterparties that contain break clauses or that grant either Elenia Networks or the Issuer (as the case may be) and/or the relevant Hedge Counterparty a break clause or right of optional early termination (other than those optional early termination rights otherwise regulated by paragraph (a)), if as at the date on which it enters into such Treasury Transaction:
- (i) the aggregate notional amount of all such Treasury Transactions with break clauses or optional early termination does not exceed 10 per cent. of Secured Debt; and
  - (ii) the aggregate notional amount of all such Treasury Transactions with break clauses or optional early termination coming due within a rolling two year period does not exceed 3.5 per cent. of Secured Debt.

## **Obligor Cash Management**

### ***Operating Accounts***

The CTA requires each Obligor to open and maintain one or more Operating Accounts with the Account Bank which will be subject to the Security.

At all times prior to any Standstill Period, the Cash Manager for the Security Group shall be the Issuer. The Cash Manager will act as such in respect of the accounts held by any of the relevant Obligors, and shall be authorised by such Obligors and the Security Trustee to operate all such accounts pending the removal of the Cash Manager by reason of the commencement of a Standstill Period or any other agreed trigger for removal.

Under the CTA, Elenia Networks will ensure that all of its revenues (excluding any Standby Drawing) will be paid into an Operating Account in its name or into a Debt Service Reserve Account and will use the funds standing to the credit of such Operating Account and the Debt Service Reserve Account to make payments permitted pursuant to the Finance Documents.

The Issuer shall ensure that all of its revenues (other than any Standby Drawing) will be paid into an Operating Account or into a Debt Service Reserve Account in its name each of which will be separate from any Operating Account or any Debt Service Reserve Account of any other Obligor and will use the funds standing to the credit of such Operating Account and the Debt Service Reserve Account to make payments required to be made by it under the Finance Documents.

Elenia Heat shall ensure that all of its revenues (other than any Standby Drawing) will be paid into an Operating Account, which may be a separate Operating Account from that into which the revenues of Elenia Networks are paid pursuant to the preceding paragraphs, or into a Debt Service Reserve Account and will use the funds standing to the credit of such Operating Account and the Debt Service Reserve Account to make payments permitted pursuant to the Finance Documents.

The Parent, Elenia Holdings and Elenia Finance (SPPS) shall each ensure that all of its revenues will be paid into an Operating Account, which may be a separate Operating Account from that into which the revenues of each other Obligor are paid.

Each Operating Account will be the current account of the relevant Obligor through which all operating and capital expenditures and any Taxes incurred by the Obligors will be cleared. Other than any Defeasance Account, the Operating Accounts held by Elenia Networks shall be the sole current accounts through which (subject to the terms of the Finance Documents) payments in respect of the Financial Indebtedness of the Security Group (other than the Bonds, the PP Notes and the Issuer Hedging Agreements) shall be cleared.

All Restricted Payments will be funded (directly or indirectly) out of monies standing to the credit of the Operating Account held by the Parent or Elenia subject always to the satisfaction of the Restricted Payment Condition.

Prior to delivery of an Acceleration Notice, payments to Secured Creditors will be made out of monies standing to the credit of the Operating Account (subject to certain exceptions) in accordance with the Pre-Enforcement Priority of Payments. See "*Cash flows – Pre-Enforcement Priority of Payments*" below for a detailed description.

### ***Cash Equivalent Investments***

The Security Group may invest in Cash and/or Cash Equivalent Investments from the amounts standing to the credit of any of the Operating Accounts from time to time as is prudent, but may only invest in

Cash Equivalent Investments which are held to the order of the Security Group or any member thereof. The Security Group will at all times ensure to the best of its knowledge that a prudent spread of any Cash Equivalent Investments is maintained and liquidate (or ensure that there are liquidated) Cash Equivalent Investments to the extent necessary to make payments due under the Finance Documents.

The Security Group shall procure that the maximum average life of a Cash Equivalent Investment is appropriate having regard to the credits to be made to and payments from the Operating Accounts. If any investment ceases to be a Cash Equivalent Investment, the Security Group must as soon as reasonably practicable after becoming aware of that fact (and in any event, no more than 30 Business Days after that time) replace the investment with a Cash Equivalent Investment or with cash.

Any reference in any Finance Document to the balance standing to the credit of one of the Operating Accounts will be deemed to include a reference to the Cash Equivalent Investments in which all or part of such balance is for the time being invested.

These provisions shall apply to any Defeasance Account, *mutatis mutandis*, as if references in those clauses to the Operating Accounts were references to such Defeasance Account, but provided that the term of any investment in Cash Equivalent Investments funded from amounts from time to time standing to the credit of any of such accounts shall be appropriate having regard to the expected duration of the credit balances of those accounts from time to time.

### ***Liquidity Facility***

The Cash Manager shall determine the amount of any anticipated Liquidity Shortfall on the next Determination Date after taking into account the balance standing to the credit of the Operating Accounts and relevant Debt Service Reserve Accounts which will be available to the Obligors on the next Payment Date.

If, after application of the balance standing to the credit of the Operating Accounts and Debt Service Reserve Accounts (if any) there will be a positive Liquidity Shortfall, the relevant Obligor (or the Cash Manager on its behalf) shall deliver an LF Notice of Drawing to the Liquidity Facility Agent in accordance with the Liquidity Facility Agreement.

At the time any LF Notice of Drawing is delivered by the relevant Obligor (or the Cash Manager on its behalf) to the Liquidity Facility Agent in respect of a Payment Date, that Obligor shall notify the Security Trustee of the amount of any applicable Liquidity Shortfall in respect of such Payment Date.

The amount of the Liquidity Loan Drawing shall immediately be credited to the relevant Operating Accounts and applied in accordance with the Pre-Enforcement Priority of Payments. See "*Cash flows – Pre-Enforcement Priority of Payments*" below for a detailed description.

During a Standstill, the Standstill Cash Manager shall exercise those rights and perform those obligations of the Cash Manager under the Liquidity Facility Agreement.

### ***Defeasance Accounts***

- (a) Amounts will be credited to the Defeasance Accounts pursuant to the exercise of an equity cure as described in paragraph (n) of "*Events of Default*" above.
- (b) Save as otherwise directed by the relevant Secured Creditors (in accordance with the STID) which are the creditors under the relevant Defeased Debt to which such Defeasance Account relates, the Obligors shall not withdraw any amounts standing to the credit of the Defeasance Accounts which has been deposited in accordance with paragraph (n) of "*Events of Default*" above.

- (c) Following the service of an Acceleration Notice, amounts standing to the credit of the Defeasance Accounts shall be applied solely in payment of amounts owed in respect of the relevant Senior Debt in accordance with the Post-Enforcement Priority of Payments of the STID.

### ***Standstill Cash Manager***

The CTA sets out provisions relating to the appointment of a Standstill Cash Manager to replace the Cash Manager following the commencement of a Standstill Period and for so long as such Standstill Period continues, provided that no Enforcement Action (other than a Permitted Share Pledge Acceleration) has occurred.

The Standstill Cash Manager, which will initially be The Royal Bank of Scotland plc, will act as Standstill Cash Manager in accordance with the CTA, the STID, the Liquidity Facility Agreement, the Cash Management Agreement and the Account Bank Agreement.

Subject to the proviso below, the Standstill Cash Manager may delegate any or all of its duties under Schedule 8 (Cash Management) of the CTA to (such party being the **Delegate**) (i) any of Deloitte & Touche, KPMG, PricewaterhouseCoopers or Ernst & Young (or, in each case, any successor thereto); (ii) any reputable and experienced financial institution nominated or approved by Qualifying Secured Creditor(s) having at least 10% of the aggregate Outstanding Principal Amount of all Qualifying Senior Debt then outstanding (in accordance with clause 24 (Qualifying Secured Creditor Instructions) of the STID); (iii) or if an appointment under (i) cannot be made after using reasonable efforts to procure such appointment or under (ii) is not forthcoming following a request by the Qualifying Secured Creditors, to the Cash Manager, provided that, at any time, Qualifying Secured Creditor(s) having at least 10% of the aggregate Outstanding Principal Amount of all Qualifying Senior Debt then outstanding (in accordance with clause 24 (Qualifying Secured Creditor Instructions) of the STID) may replace any Delegate or the Standstill Cash Manager (notwithstanding Clause 23 (Termination and Resignation of Standstill Cash Manager) of the CTA).

## **SECURITY TRUST AND INTERCREDITOR DEED**

### ***General***

The intercreditor arrangements in respect of the Security Group and the Issuer (the **Intercreditor Arrangements**) are contained in the STID and the CTA. The Intercreditor Arrangements bind each of the Secured Creditors (including the Issuer) and each of the Obligors.

The Secured Creditors include all providers of Senior Debt that enter into or accede to the STID. Any new Authorised Credit Provider will be required to accede to the STID and the CTA. The STID also contains provisions restricting the rights of Subordinated Creditors and Subordinated Intragroup Creditors and contains mechanics requiring any creditors in respect of Subordinated Liabilities and Subordinated Intragroup Liabilities to accede to the STID as a Subordinated Intragroup Creditor.

The purpose of the Intercreditor Arrangements is to regulate, among other things: (a) the claims of the Secured Creditors; (b) the exercise, acceleration and enforcement of rights by the Secured Creditors; (c) the rights of the Secured Creditors to instruct the Security Trustee; (d) the Entrenched Rights and the Reserved Matters of the Secured Creditors; and (e) the giving of consents and waivers and the making of modifications to the Common Documents.

The Intercreditor Arrangements also provide for the ranking in point of payment of the claims of the Secured Creditors both before and after the delivery of an Acceleration Notice and for the subordination of all claims of Subordinated Intragroup Creditors, or claims among the Security Group. Each Secured

Creditor and each Obligor gives certain undertakings in the STID which serve to maintain the integrity of these arrangements. The STID, the CTA and the Cash Management Agreement provide for the ranking in point of payment of the claims of the Secured Creditors (as described further in "*Summary of the Common Documents – STID*" and "*Summary of the Issuer Transaction Documents – Cash Management Agreement*").

### **Guarantee**

As more fully set out in the STID, each Obligor (other than the Issuer) jointly and severally and irrevocably and unconditionally until such time as all of the Obligors' obligations in respect of the Secured Liabilities have been discharged in full:

- (a) guarantees to the Security Trustee (for itself and for and on behalf of the Secured Creditors) punctual performance and observance by each of the other Obligors of all the Secured Liabilities;
- (b) undertakes with the Security Trustee (for itself and for and on behalf of the Secured Creditors) that, whenever any Obligor does not pay any amount when due under or pursuant to any Finance Document, that Obligor must immediately on demand pay that amount as if it were the principal obligor;
- (c) indemnifies the Security Trustee (for itself and for and on behalf of the Secured Creditors) immediately on demand against any loss or liability (other than any Excluded Tax) suffered by the Security Trustee or any Secured Creditor if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal or ineffective. The amount of the loss or liability under this indemnity will not exceed the amount the Security Trustee or that Secured Creditor would otherwise have been entitled to recover if the amount claimed had been recoverable on the basis of the guarantee in paragraph (a) above; and
- (d) agrees to pay to the Security Trustee on an after Tax basis (for itself and for and on behalf of the Secured Creditors) an amount equal to any amount which would otherwise have been recoverable by it on the basis of the guarantee in paragraph (a) above, but for the discharge of the Issuer's obligations as a result of the provisions of clause 42 (Limited Recourse) of the STID.

Each of the Obligors (other than the Issuer) acknowledges and agrees that its liability under these paragraphs is continuing and will extend to the ultimate balance of all sums payable by any Obligor under the Finance Documents, and will not be affected by any act, omission, circumstance, matter or thing which would prejudice any of its obligations or prejudice or diminish such obligations in whole or in part, including without limitation: (i) any time, indulgence or waiver granted to, or composition with, any person; (ii) any postponement, discharge, reduction, variation, compromise, exchange, renewal or release of any rights against, or security over assets, of any person; (iii) any unenforceability, illegality, invalidity or non-provability of any obligation of any person under a Finance Document or any other document or security; or (iv) any insolvency or similar proceedings.

If any discharge (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) or arrangement is made in whole or in part on the faith of any payment, security or other disposition which is avoided or must be restored on insolvency, liquidation, administration or otherwise without limitation, the liability of each Obligor (other than the Issuer) under this paragraph will continue or be reinstated as if the discharge or arrangement had not occurred and each Finance Party shall be entitled to recover the value or amount of that security or payment from each Obligor, as if payment, discharge, avoidance or reduction had not occurred and the Security Trustee (on behalf of the Secured Creditors) shall be entitled to recover the value or amount of that security or payment from each Obligor, as if payment discharge, avoidance or reduction had not occurred.

In respect of the Parent, however, its Guarantee is limited in recourse to its property, assets and undertakings the subject of any Security (the **Parent Charged Assets**) if (a) there are no Parent Charged Assets remaining which are capable of being realised or otherwise converted into cash, (b) all amounts available from the Parent Charged Assets have been applied to meet or provide for the relevant obligations specified in, and in accordance with, the provisions of the STID and (c) there are insufficient amounts available from the Parent Charged Assets to pay in full, in accordance with the provisions of the STID, amounts outstanding under the Guarantee, then the Secured Creditors shall have no further claim against the Parent in respect of any amounts owing to them which remain unpaid and such unpaid amounts shall be deemed to be discharged in full and any relevant payment rights shall be deemed to cease.

### ***Parallel Debt***

Upon the granting of any security under Dutch law, in accordance with the Common Documents, it is expected that each Obligor under the STID would undertake to pay the Security Trustee, as an independent and separate creditor, an amount equal to any amount which an Obligor owes to a Secured Creditor under or in connection with the Finance Documents (the **Security Trustee Claim**) on its due date, provided that discharge by an Obligor of a claim to a Finance Party will discharge the Security Trustee Claim with the same amount.

### ***Modifications, Consents and Waivers***

#### ***General***

The STID contains detailed provisions setting out the voting and instruction mechanics in respect of: (a) Ordinary Voting Matters; (b) Extraordinary Voting Matters; (c) Entrenched Rights; (d) Reserved Matters; and (e) Discretion Matters (as further described below in "*Types of Voting Categories*"). Subject to Entrenched Rights and Reserved Matters, and, in the case of Reserved Matters only, the requisite majority of the relevant Authorised Credit Provider(s), the Security Trustee will only agree to any modification of or grant any consent or waiver under the Common Document with the consent, of, or if so instructed by, the relevant majority of Participating Qualifying Secured Creditors provided that the relevant Quorum Requirement has been met.

Elenia Networks (as Security Group Agent) is entitled to provide the Security Trustee with written request of any modification, consent or waiver it requires under or in respect of any Common Document (a **STID Proposal**). The notice will certify whether such STID Proposal is a Discretion Matter, an Ordinary Voting Matter or an Extraordinary Voting Matter or whether it gives rise to an Entrenched Right (as further described in "*Types of Voting Categories*" below), stating the Decision Period (as further described in "*Decision Periods*" below), propose the form of resolution(s), if applicable, to be put to the applicable Secured Creditors and provide such supporting information as in its reasonable opinion is necessary for the recipient of such STID Proposal to make an informed assessment of the matters addressed in the STID Proposal. If the STID Proposal is in relation to a Discretion Matter, Elenia Networks must also provide a certificate setting out the basis on which Elenia Networks believes the Security Trustee would be entitled to make the proposed modification give the proposed consent, or grant the proposed waiver and attaching all evidence to support such belief. If the STID Proposal is in relation to an Entrenched Right, Elenia Networks must include information as to the Secured Creditors who are affected by such Entrenched Right.

The Security Trustee will, within five Business Days of receipt of a STID Proposal, send a request (the **STID Voting Request**) in respect of any Ordinary Voting Matter, Extraordinary Voting Matter or Entrenched Right to each Secured Creditor (through its Secured Creditor Representative). If the STID Proposal gives rise to an Entrenched Right, the STID Voting Request will contain a request that each relevant Affected Secured Creditor (including the Issuer where the Issuer is an Affected Secured



Creditor) confirms on or before the last day of the Decision Period whether or not it consents to the relevant STID Proposal that gives rise to the Entrenched Right.

The Qualifying Secured Creditors (acting through their Secured Creditor Representatives) representing at least 10 per cent. of the Qualifying Senior Debt are able to challenge Elenia Networks' determination of the voting category of a STID Proposal. In addition, the Secured Creditors, through their respective Secured Creditor Representatives, are able to challenge Elenia Networks' determination as to whether there is an Entrenched Right, subject to such dissenting creditors providing supporting evidence or substantiation for their disagreement with such determination. Challenging creditors that comply with the foregoing requirements (the **Dissenting Creditors**) may instruct the Security Trustee to inform Elenia Networks in writing within five Business Days of receipt of the relevant STID Proposal that they disagree with Elenia Networks' determination and specifying, as applicable, the voting category they propose should apply or whose Entrenched Right is affected along with the required supporting evidence. Elenia Networks and the Dissenting Creditors will agree the voting category or whether there is an Entrenched Right within five Business Days of receipt by Elenia Networks of the relevant notice from the Security Trustee. If they are unable to agree within this time, or if no agreement can be reached, then an appropriate expert will make a decision (at the cost of the Obligor(s)) as to the voting category or whether there is an Entrenched Right which decision will be final and binding on each of the parties.

### ***Types of Voting Categories***

#### *Ordinary Voting Matters*

Ordinary Voting Matters include all matters which are not designated as Extraordinary Voting Matters or Discretion Matters (see "*Extraordinary Voting Matters*" and "*Discretion Matters*" below). If the Quorum Requirement is met (see "*Quorum Requirements*" below), a resolution in respect of an Ordinary Voting Matter may be passed by a simple majority of the Voted Qualifying Debt in accordance with the section entitled "*Qualifying Senior Debt*" below.

#### *Extraordinary Voting Matters*

The STID also describes the treatment of Extraordinary Voting Matters. If the Quorum Requirement for an Extraordinary Voting Matter is met (see "*Quorum Requirements*" below), the majority required to pass a resolution in respect of an Extraordinary Voting Matter will be at least 66.67 per cent. of the Voted Qualifying Debt in accordance with the section entitled "*Qualifying Senior Debt*" below.

#### *Entrenched Rights*

Entrenched Rights are rights that cannot be modified or waived in accordance with the STID without the consent of the Affected Secured Creditor(s).

#### *Reserved Matters*

Reserved Matters are matters which, subject to the STID and the CTA, a Secured Creditor is free to exercise in accordance with its own debt instrument including the right:

- (a) to receive any sums owing to it for its own account;
- (b) to make determinations of and require the making of payments due and payable to it;
- (c) to exercise the rights vested in it or permitted to be exercised by it under and pursuant to the terms of the CTA, the STID and the other Finance Documents;
- (d) to receive notices under the Finance Documents;

- (e) to assign its rights or transfer any of its rights and obligations under any Finance Documents to which it is a party subject to the provisions of the STID; and
- (f) in the case of each Hedge Counterparty: (i) to terminate the relevant Hedging Agreement or any transaction thereunder provided such termination is a Permitted Hedge Termination; or (ii) to exercise rights permitted to be exercised by it under a Hedging Agreement.

#### *Discretion Matters*

The Security Trustee may (but is not obliged to) make modifications to the Common Documents without the consent of any other Secured Creditor where such modifications, consents or waivers:

- (a) in the opinion of the Security Trustee, are:
  - (i) to correct manifest errors; or
  - (ii) of a formal, minor, administrative or technical nature; or
- (b) would not, in the opinion of the Security Trustee materially prejudice the interests of any of the Qualifying Secured Creditors (where "materially prejudicial" means that such modification, consent or waiver could have a material adverse effect on the ability of the Obligors to repay the Secured Liabilities).

#### *Amendments*

Subject to Reserved Matters and Entrenched Rights, the Security Trustee will, without the sanction of any Secured Creditor (and without this being the subject of a STID Proposal), concur with any Obligor to make any modification to any Finance Document or other document that is requested by an Obligor to:

- (a) comply with any criteria of the Rating Agencies which may be published after the Initial Issue Date which modification the relevant Obligor certifies to the Security Trustee is required to avoid a downgrade, withdrawal or suspension of the then current ratings assigned by a Rating Agency to the Bonds upon which certification the Security Trustee shall be entitled to rely without enquiry and without incurring any liability to any person for so doing;
- (b) comply with any requirements which apply to it under EMIR, subject to the receipt by the Bond Trustee and the Security Trustee of a certificate from the relevant Obligor certifying to the Bond Trustee and the Security Trustee that (A) the requested amendments are to be made solely for the purpose of enabling the Obligor to comply with its legal requirements under EMIR and (B) that each of the Rating Agencies has been notified of the proposed amendments and has not made the Obligor aware that such amendments will result in a downgrade, withdrawal or suspension of the then current ratings assigned by a Rating Agency to the Bonds; or
- (c) appoint an additional rating agency (the **Additional Rating Agency**) to assign a credit rating to the Bonds, subject to the receipt by the Bond Trustee and the Security Trustee of a certificate from the relevant Obligor certifying to the Bond Trustee and the Security Trustee that such amendment is necessary or desirable in order to give effect to the appointment of the Additional Rating Agency and the assignment of its initial credit rating to the Bonds, provided that at least one Rating Agency providing a rating for the Bonds confirms the then current rating of the Bonds immediately following (and having taken into account) the proposed modifications,

subject, in each case, to:

- (d) the Bond Trustee and the Security Trustee not being obliged to make any modification, give any consent or grant any waiver to the extent that doing so would, in the opinion of the Bond Trustee or the Security Trustee (as applicable), have the effect of increasing the liabilities, obligations or duties, or decreasing the rights or protections, of the Bond Trustee or the Security Trustee (as applicable); and
- (e) any amendment which relates to a Hedging Agreement not being made without the consent of the relevant Hedge Counterparty.

#### *Quorum Requirements*

Pursuant to the terms of the STID, the Quorum Requirement is:

- (a) in respect of an Ordinary Voting Matter, one or more Participating Qualifying Secured Creditors representing in aggregate at least 20 per cent. of the entire Outstanding Principal Amount of all Qualifying Senior Debt provided that if the Quorum Requirement has not been met within the Decision Period (as described further in "*Decision Periods*" below), the Quorum Requirement shall be reduced to one or more Participating Qualifying Secured Creditors representing, in aggregate, 10 per cent. of the aggregate Outstanding Principal Amount of all Qualifying Senior Debt and the Decision Period shall be extended for a period of a further ten Business Days from the expiry of the initial Decision Period; and
- (b) in respect of an Extraordinary Voting Matter, one or more Participating Qualifying Secured Creditors representing in aggregate at least 20 per cent. of the entire Outstanding Principal Amount of all Qualifying Senior Debt provided that if the Quorum Requirement for an Extraordinary Voting Matter is not met by the Business Day immediately preceding the last day of the Decision Period, the Decision Period will be extended and the Quorum Requirement will reduce to 10 per cent. of the aggregate Outstanding Principal Amount of all Qualifying Senior Debt and the Decision Period shall be extended for a period of a further ten Business Days from the expiry of the initial Decision Period.

#### *Decision Periods*

The STID includes provisions specifying the relevant decision periods within which votes must be cast (each a **Decision Period**) which period must not be less than:

- (a) five Business Days from the date of delivery of the STID Proposal for any Discretion Matter;
- (b) 15 Business Days from the Decision Commencement Date for any Ordinary Voting Matter (which may be extended for a further period of ten Business Days if the quorum requirement for the relevant Ordinary Voting Matter has not been met within the initial Decision Period);
- (c) 15 Business Days from the Decision Commencement Date for any Extraordinary Voting Matter (which may be extended for a further period of ten Business Days if the quorum requirement for the relevant Extraordinary Voting Matter has not been met within the initial Decision Period); and
- (d) 15 Business Days from the Decision Commencement Date for an Entrenched Right. However, the Decision Period for an Entrenched Right for which the Bondholders are the Affected Secured Creditor will not be less than 45 days from the date of the Decision Commencement Date.

**Decision Commencement Date** means the earlier of:

- (a) if the Qualifying Secured Creditors or, as the case may be, Secured Creditors are deemed to have agreed to the voting category proposed in the STID Proposal (by failing to instruct the Security Trustee to serve a Determination Dissenting Notice within five days of receipt of the STID Proposal) or, as applicable, as to whether the STID Proposal gives rise to any Entrenched Right affecting a Secured Creditor pursuant to the STID, the date which is five Business Days of receipt of the relevant STID Proposal;
- (b) the date on which the Dissenting Creditors and Elenia Networks as the Security Group Agent reach agreement on the applicable voting category; or
- (c) if the agreement or determination is such that the existing STID Proposal is incorrect, the date of receipt of an appropriately amended STID Proposal from the Security Trustee as amended by or on behalf of the Security Group Agent with the agreement of the Dissenting Creditors.

Modifications, consents and waivers will be passed by the requisite number of creditors as further described in "*Types of Voting Categories*" above.

#### *Qualifying Senior Debt*

##### *General*

Creditors to whom Qualifying Senior Debt is owed are entitled to vote on the amount of such debt when consenting to proposals made by Elenia Networks or instructing the Security Trustee to take action in accordance with the STID.

Subject to Entrenched Rights, only the relevant Qualifying Secured Creditors that are owed, or deemed to be owed, Qualifying Senior Debt may vote (through their Secured Creditor Representatives).

#### *Qualifying Senior Debt*

Qualifying Senior Debt is comprised of:

- (a) the principal amount outstanding under the Bonds;
- (b) the principal amount outstanding under the Authorised Credit Facilities (other than the Liquidity Facility Agreement, the PP Notes and the Hedging Agreements) at such time;
- (c) the principal amount outstanding under the PP Notes;
- (d) subject to the Entrenched Rights in relation to any Hedging Transaction arising under a Pari Passu Hedging Agreement prior to the taking of any Enforcement Action in relation to any vote on (i) whether to take any Enforcement Action or (ii) to terminate any Standstill, an amount calculated in accordance with the voting provisions of the STID in respect of Pari Passu Hedging Transactions by Pari Passu Hedge Counterparties;
- (e) subject to the Entrenched Rights (i) in relation to any Hedging Transaction arising under a Pari Passu Hedging Agreement in respect of which an Early Termination Date (as defined in the relevant Pari Passu Hedging Agreement) has been designated, the amount (if any) outstanding to the relevant Pari Passu Hedge Counterparty following such termination (as calculated in accordance with the terms of the Pari Passu Hedging Agreement) and/or (ii) otherwise, the Equivalent Amount (as calculated by the relevant Hedge Counterparty) representing the mark-to-market value (on the date falling two Business Days after the commencement of the relevant

Decision Period) of any transaction or transactions arising under a Pari Passu Hedging Agreement to the extent that such value represents an amount which would be payable to the relevant Pari Passu Hedge Counterparty if an Early Termination Date (as defined in the relevant Pari Passu Hedging Agreement) was designated at such time in respect of such transaction or transactions; and

- (f) the principal amounts outstanding under any other secured term loan facilities which are Authorised Credit Facilities at such time ranking *pari passu* with the above (but excluding for the avoidance of doubt any Liquidity Facilities or any Hedging Transactions arising under a Super Senior Hedging Agreement).

#### ***Certification of Amounts of Qualifying Senior Debt***

Each Qualifying Secured Creditor (acting through its Secured Creditor Representative) must certify to the Security Trustee within five Business Days of the date on which either: (i) the Qualifying Secured Creditors have been notified of a STID Proposal, a Qualifying Secured Creditor Instruction Notice or a Direction Notice; or (ii) the Security Trustee requests such certification, the Outstanding Principal Amount of any debt which constitutes Qualifying Senior Debt held by such Qualifying Secured Creditor. If any Qualifying Secured Creditor fails to provide such certification through its Secured Creditor Representative within the time required, then the Security Trustee will notify Elenia Networks of such failure. Elenia Networks must (to the extent aware of such amount) promptly inform the Security Trustee of the Outstanding Principal Amount of Qualifying Senior Debt of such Qualifying Secured Creditor and such notification will be binding on the relevant Qualifying Secured Creditors except in the case of manifest error and without liability to the Security Trustee.

#### ***Tranching of Qualifying Senior Debt and Determination of Voted Qualifying Debt for which the Issuer is a Creditor***

As described in the section "*Qualifying Senior Debt*" above, amounts owed to the Bondholders under the Bonds are included in the Qualifying Senior Debt. The Bondholders (through the Bond Trustee on their behalf) are entitled to vote in respect of such amounts. When the Bond Trustee (as the Bondholders' Secured Creditor Representative) casts its votes on the Bondholder's behalf, it will do as instructed by the relevant Bondholders.

The votes of the Bondholders of each Tranche of Bonds in respect of a STID Proposal (other than a STID Proposal which relates to an Entrenched Right as to which the Bondholders are an Affected Secured Creditor) will be cast by the Bondholders of such Tranche (through the Bond Trustee on their behalf), in respect of a Tranche of Bonds and a STID Proposal as follows:

- (a) subject to (c) below, in an amount equal to the aggregate of the Principal Amount Outstanding of each Bond which voted in favour of the relevant STID Proposal, for such STID Proposal both in respect of Quorum Requirements and the requisite majority;
- (b) subject to (c) below, in an amount equal to the aggregate of the Principal Amount Outstanding of each Bond which voted against the relevant STID Proposal, against such STID Proposal both in respect of Quorum Requirements and the requisite majority;
- (c) if any of the below applies to any Tranche of Bonds, paragraphs (a) and (b) above shall not apply for that Tranche of Bonds:
  - (i) if, in respect of a Tranche of Bonds and a STID Proposal:

- (A) holders of 25 per cent. or more of the Principal Amount Outstanding of such Tranche of Bonds cast a vote in relation to such STID Proposal on or before the end of the relevant Decision Period; and
- (B) holders of 75 per cent. or more of the Principal Amount Outstanding of the Bonds of such Tranche which so voted, voted the same way,

then the entire Principal Amount Outstanding of such Tranche of Bonds will count as having voted in such way both in respect of Quorum Requirements and the requisite majority; and

- (ii) in the event that paragraph (i)(A) does apply but paragraph (i)(B) does not apply, then the entire Outstanding Principal Amount of such Tranche of Bonds will count for the purposes of Quorum Requirements (but not the requisite majority, for which they will count on a Euro for Euro basis either for or against the STID Proposal according to their vote in accordance with paragraph (a) and paragraph (b) above).

Subject to the STID, voting in respect of the Pari Passu Hedging Agreements will be made by each Pari Passu Hedge Counterparty in respect of:

- (A) in relation to any Hedging Transaction arising under a Pari Passu Hedging Agreement in respect of which an Early Termination Date (as defined in the relevant Pari Passu Hedging Agreement) has been designated, the amount (if any) outstanding to the relevant Pari Passu Hedge Counterparty following such termination (as calculated in accordance with the terms of the Pari Passu Hedging Agreement).
- (B) if the Pari Passu Hedge Counterparty is otherwise entitled under the relevant Hedging Agreement and the STID to designate an Early Termination Date (as defined in the relevant Hedging Agreement), the Equivalent Amount as calculated by the Pari Passu Hedge Counterparty and notified in writing by the Pari Passu Hedge Counterparty to the Security Trustee (representing the mark to market value of any Hedging Transactions arising under such Pari Passu Hedging Agreement) of the amount (if any) which would be payable to the relevant Pari Passu Hedge Counterparty if any Early Termination Date (as defined in the relevant Hedging Agreement) was designated on the date falling two Business Days after the commencement of the relevant Decision Period. Only such mark-to market value will be counted towards the Quorum Requirement. In respect of each Pari Passu Hedge Counterparty, a single vote by reference to the aggregate of the mark to market value of all such Hedging Transactions arising under the Hedging Agreements of such Pari Passu Hedge Counterparty will be counted for or against the applicable STID Proposal or Direction Notice; or
- (C) prior to the taking of an Enforcement Action in relation to any vote:
  - I. on whether to take any Enforcement Action; or
  - II. to terminate any Standstill,

the Equivalent Amount as calculated by the Pari Passu Hedge Counterparty and notified in writing by the Pari Passu Hedge Counterparty to the Security Trustee (representing the mark to market value of any Hedging Transactions arising under such Pari Passu Hedging Agreement) of the amount (if any) which would be payable to the relevant Pari Passu Hedge Counterparty if any Early Termination Date (as defined in the relevant Hedging Agreement) was designated on the date falling two Business Days after the commencement of the relevant Decision Period. Only such mark to market value will be

counted towards the Quorum Requirement. In respect of each Pari Passu Hedge Counterparty, a single vote by reference to the aggregate of the mark to market value of all such Hedging Transactions arising under the Hedging Agreements of such Pari Passu Hedge Counterparty will be counted for or against the applicable STID Proposal or Direction Notice.

### ***Qualifying Secured Creditor Instructions***

Qualifying Secured Creditors with at least 20 per cent. (or such other percentage as may be required under the CTA) of the aggregate Outstanding Principal Amount of all Qualifying Senior Debt may instruct the Security Trustee (subject to providing the required indemnity pursuant to the STID and to any Entrenched Rights or Reserved Matters) to exercise any of the rights granted to the Security Trustee under the Common Documents (save in respect of the taking of Enforcement Action or the delivery of an Acceleration Notice) including to request further information pursuant to and subject to the terms of the CTA in respect of, *inter alia*, Security Group covenants and Trigger Events, to challenge the content of a Compliance Certificate, approve an Independent Expert investigating the contents of a Compliance Certificate and to direct as to whether an event has a Material Adverse Effect (or to give directions generally in relation to any determination as to materiality).

### ***Standstill***

If any Obligor, any Subordinated Intragroup Creditor, Subordinated Creditor or any Secured Creditor (other than the Security Trustee, the Bond Trustee and any Facility Agent) becomes aware of the occurrence of an Event of Default, it shall forthwith notify the Security Trustee and the Security Group Agent in writing and the Security Trustee shall promptly thereafter notify the Secured Creditor Representatives on behalf of the Secured Creditors and, where the Security Trustee was notified by a Secured Creditor, the Obligors.

Immediately upon notification to the Security Trustee of an Event of Default occurring (other than, for the avoidance of doubt, an Event of Default as defined in any Hedging Agreement with respect to a Hedge Counterparty) and if any Senior Debt is outstanding, a Standstill Period will commence (unless one is already in existence) and each of the following provisions will apply.

#### ***During the Standstill Period***

Each Secured Creditor agrees that during a Standstill Period: (a) except as provided in paragraph (b) none of the Secured Creditors will be entitled to give any instructions to the Security Trustee to take any Enforcement Action (but without prejudice to the ability of the Secured Creditors to demand scheduled payments) in relation to the Security granted by the Obligors; (b) provided that no acceleration of any claim may take place other than as expressly permitted under clause 22.3 (Permitted Share Pledge Acceleration) of the STID, the Security granted by the Parent may be enforced at any time by the Security Trustee at the direction of the Majority Creditors (provided that the relevant Quorum Requirement has been met) and a Distressed Disposal may be undertaken by the Security Trustee if instructed by the Participating Qualifying Secured Creditors in accordance with the relevant provisions of the STID; and (c) save as provided in paragraphs (a) and (b) above, no Enforcement Action may be taken by any Secured Creditor provided that these provisions shall not restrict the termination of a Hedging Agreement by the relevant Hedge Counterparty in whole or in part pursuant to a Permitted Hedge Termination.

Notwithstanding the above paragraph: (a) during a Standstill Period, any moneys received by the Obligors and all monies credited to the Accounts, will be applied in accordance with the cash management provisions in the Common Terms Agreement and, upon application in the discharge of the Secured Liabilities, in accordance with the Pre-Enforcement Priority of Payments; and (b) each of Elenia

Networks and the Issuer will continue to be entitled to make drawings under the Liquidity Facility subject to the terms of the Liquidity Facility Agreement.

#### *Termination of the Standstill Period*

A Standstill Period which has commenced upon the occurrence of an Event of Default set out in the Common Terms Agreement will terminate upon the earliest of:

- (a) the date on which any steps are taken to commence Insolvency Proceedings against any Obligor other than proceedings that are commenced by the Security Trustee or which are frivolous or vexatious and are discharged, stayed or dismissed within 20 Business Days of commencement or, if earlier, the date on which such Insolvency Proceedings are advertised;
- (b) (during the first 18 months of the Standstill Period) the date on which Participating Qualifying Secured Creditors in respect of 66.67 per cent. or more of the aggregate Outstanding Principal Amount of the Qualifying Senior Debt vote to terminate the Standstill Period and (after such first 18 months) the date on which the Standstill Period terminates pursuant to clause 20.5 (Extension of Standstill) of the STID; and
- (c) the date of any waiver granted in accordance with the STID or the date of remedy of the Event of Default giving rise to the Standstill Period (such waiver or remedy, a **Standstill Remedy**).

Upon termination of a Standstill Period in accordance with the above (except by virtue of paragraph (c)), any Secured Creditor will be entitled to direct the Security Trustee to deliver an Acceleration Notice and exercise all rights which may be available to it under any Finance Document (other than any Security Document) (including directing the Security Trustee to take any Enforcement Action) free of the restrictions imposed by clause 6 (Undertakings) or clause 20.2 (Restrictions during Standstill) of the STID but subject to clause 23 (Post-Enforcement Priority of Payments) and clause 6.6 (Receipts Held in Trust) of the STID and the Security Trustee shall be entitled to enforce any Security Document in accordance with clause 21.2 (Enforcement Action) of the STID.

#### *Extension of a Standstill Period*

In certain circumstances as more fully set out in the STID, a Standstill Period may be extended.

### **Enforcement and Acceleration**

Immediately upon notification to the Security Trustee of an Event of Default occurring (other than an Event of Default as defined in any Hedging Agreement with respect to a Hedge Counterparty), a Standstill Period will commence (unless one is already in existence). Upon termination of a Standstill Period in accordance with the STID (except by virtue of a Standstill Remedy to waive or cure the Event of Default), any Secured Creditor (other than the Bondholders, except as permitted under the Bond Trust Deed) will be entitled to direct the Security Trustee to deliver an Acceleration Notice and exercise all rights which may be available to it under any Finance Document (including directing the Security Trustee to take any Enforcement Action) and the Security Trustee shall be entitled to enforce any Security Document in accordance with the STID.

### **Post-Enforcement Priority of Payments**

During an Enforcement Period, the whole of the Security will become enforceable. Subject to certain matters and to certain exceptions, following an enforcement, any Available Enforcement Proceeds or other monies held by the Security Trustee under the STID will be applied by the Security Trustee in accordance with the Post-Enforcement Priority of Payments waterfall. See "*Cash flows – Post-Enforcement Priority of Payments*" for a detailed description.



## **Distressed Disposals**

On the occurrence of a Distressed Disposal the Security Trustee may, without any consent from any Secured Creditor or Obligor, release any Security as is required to effect the disposal in accordance with the STID. The net proceeds of disposal are to be applied in accordance with the Post-Enforcement Priority of Payments (see the section "*Qualifying Secured Creditor Instructions – Enforcement and Acceleration*" above and "*Cash flows*" below).

## **Indemnification of the Security Trustee**

The STID provides that the Security Trustee shall not be obliged to deliver an Acceleration Notice or to take any Enforcement Action or to take any other action or step that is ancillary (but prior) to the taking of any Enforcement Action or to take any other action or step pursuant to any Finance Document unless and until it has been indemnified and/or secured and/or prefunded to its satisfaction against all liabilities to which it may become liable by giving any Acceleration Notice or taking any Enforcement Action or any other action or step pursuant to the STID.

## **TAX DEED OF COVENANT**

Pursuant to a deed of covenant dated 10 December 2013 between, *inter alios*, the Security Trustee, the Bond Trustee, Elenia Networks, Elenia Heat, Parent, Elenia Holdings, Elenia Finance (SPPS) and the Issuer (the **Tax Deed of Covenant**), each of the Tax Obligors makes representations and gives warranties and covenants in relation to (among other things) the payment of tax by such companies, tax residency and VAT. On 23 December 2014, Elenia Services acceded as an Obligor to the Tax Deed of Covenant. The Tax Deed of Covenant is governed by English law.

## **SUMMARY OF THE FINANCE DOCUMENTS**

### **ELENIA LOAN AGREEMENT AND ELENIA HEAT LOAN AGREEMENTS**

#### **General**

On 10 December 2013, the Issuer, the Security Trustee and the Standstill Cash Manager entered into: (a) the Elenia Networks Loan Agreement with Elenia Networks (as lender); and (b) the Elenia Heat Loan Agreement with Elenia Heat (as lender). In consideration for the issuing of the Bonds to facilitate the refinancing of amounts outstanding under the Existing Facilities Agreement Elenia Networks and Elenia Heat agree to make Advances available to the Issuer should the Cash Manager, or, upon the commencement of a Standstill, the Standstill Cash Manager, determine in accordance with the terms of the Cash Management Agreement that there will be an Issuer Liquidity Shortfall on the next Payment Date. The making of each Advance will be subject to the determination by the Cash Manager, or, upon the commencement of a Standstill, the Standstill Cash Manager, in accordance with the terms of the Cash Management Agreement that there will be an Issuer Liquidity Shortfall on the next Payment Date.

#### **Advances**

All Advances made or to be made to the Issuer under the Elenia Networks Loan Agreement or the Elenia Heat Loan Agreement are or will be in amounts as requested by the Issuer (not to be, in aggregate, more than the size of the Programme from time to time and at a rate of interest). Interest on each Advance made under the Elenia Networks Loan Agreement or the Elenia Heat Loan Agreement will accrue from the date of drawdown of such Advance.

#### **Prepayments**

If the Issuer is required to prepay amounts outstanding for tax or illegality reasons under the Elenia Networks Loan Agreement or the Elenia Heat Loan Agreement, it may prepay the relevant Advances then payable under the Elenia Networks Loan Agreement and/or the Elenia Heat Loan Agreement.

#### **Secured Obligations**

The obligations of the Issuer under the Elenia Networks Loan Agreement and the Elenia Heat Loan Agreement are guaranteed by each other Obligor in favour of the Security Trustee, who holds the benefit of such security and guarantees on trust for the Secured Creditors on the terms of the STID.

#### **Event of Default**

Failure of the Issuer to repay an Advance under the Elenia Networks Loan Agreement or the Elenia Heat Loan Agreement on the maturity date in respect of such Advance (which is the date on which the Secured Liabilities have been fully and finally discharged to the satisfaction of the Security Trustee on behalf of the Secured Creditors and the Secured Creditors are under no further obligation to provide financial accommodation to any of the Obligors under the Finance Documents) will be an Event of Default under the Elenia Networks Loan Agreement or the Elenia Heat Loan Agreement and of the CTA (as set out in the CTA).

#### ***Withholding/Deductions***

Elenia Networks and Elenia Heat, respectively, agree to make all payments to the Issuer free and clear of any withholding on account of tax unless it is required by law to do so – in such circumstances neither Elenia Networks nor Elenia Heat will gross-up such payments.

## ***Governing Law***

The Elenia Networks Loan Agreement and the Elenia Heat Loan Agreement will be governed by English law.

## **INITIAL AUTHORISED CREDIT FACILITIES AGREEMENT**

Elenia Networks, Elenia Heat, the Cash Manager, the Initial ACF Agent and the Initial ACF Arrangers, among others, entered into the Initial Authorised Credit Facilities Agreement on 10 December 2013. Credit facilities were made available to Elenia Networks and Elenia Heat by the Original Initial ACF Lenders comprising:

- (a) a term facility of up to €695,000,000 (**Facility A** or the **Term Facility**) drawn to fund the refinancing of the Existing Indebtedness, the payment of fees, costs, expenses, stamp, registration and other taxes incurred in connection with the refinancing and for the general corporate purposes of the Obligor. Facility A was only available on the Initial Issue Date;
- (b) a term revolving facility of up to €250,000,000 (capable of being reborrowed as contemplated by the Initial Authorised Credit Facilities Agreement) (the **Capex Facility**) to fund the financing of capital expenditure or any obligation in respect of such expenditure and certain Permitted Acquisitions (as further described in paragraphs (e) and (f) of the definition of Permitted Acquisitions in the MDA); and
- (c) a WC Facility of up to €55,000,000 (capable of being reborrowed as contemplated by the Initial Authorised Credit Facilities Agreement) to fund general corporate and working capital purposes (but not towards payment of any amount in relation to the refinancing of the Existing Indebtedness or prepayment of any of the Term Facility).

Facility A, made available under the Initial Authorised Credit Facilities Agreement, will mature on 10 January 2017, whereas the Capex Facility and WC Facility will mature on 30 November 2018. As described under "*Series 1 PP Note Purchase Agreement*", "*Series 2 PP Note Purchase Agreement and Series 3 PP Note Purchase Agreement*" below, the PP Note Issuer used funds deriving from the proceeds of the sale of the Series 1 and Series 2 Notes (defined below) to refinance a portion of the indebtedness under Facility A on 20 July 2014 and 9 September 2014. On 19 August 2015, the PP Note Issuer refinanced in full the indebtedness under Facility A through the application of part of the proceeds of the Series 3 Notes (as defined below).

Each of Elenia Networks and Elenia Heat makes representations and warranties, covenants and undertakings to the Issuer and the Initial ACF Arrangers, the Original Initial ACF Lenders and the Initial ACF Agent on the terms set out in or otherwise permitted by the CTA. All utilisations under the Initial Authorised Credit Facility are subject to all representations and warranties in the CTA being true in all material respects.

Certain Trigger Events under the CTA also apply under the Initial Authorised Credit Facilities Agreement (see the section "*Summary of the Common Documents – Common Terms Agreement – General*").

The Events of Default under the CTA also apply under the Initial Authorised Credit Facilities Agreement (see the section "*Summary of the Common Documents – Common Terms Agreement – General*"), provided that the Equity Cure Right shall be limited to three times during any five-year period (as set out in the CTA).

The rights and obligations of the parties under the Initial Authorised Credit Facilities Agreement are subject to the STID. The occurrence of a Default which is continuing is a draw-stop under the WC

Facility. However, any drawings under the WC Facility which are outstanding at the time of the occurrence of a Default which is continuing will remain outstanding and can be rolled over until the occurrence of a Declared Default.

Subject to the CTA and the STID, Elenia Networks and/or Elenia Heat may, by Elenia Networks (in its capacity as Security Group Agent) giving not fewer than five Business Days' prior notice (or such shorter period as the Majority Lenders may agree) to the Initial ACF Agent, prepay amounts outstanding under the Term Facility and Capex Facility in a minimum amount of €1 million. Elenia Networks (in its capacity as Security Group Agent) must confirm to the Initial ACF Agent that it has sufficient funds on such payment date to effect such prepayment.

Elenia Networks and/or Elenia Heat may additionally, if Elenia Networks (in its capacity as Security Group Agent) gives not fewer than five Business Days' (or such shorter period as the Majority Lenders may agree) prior notice to the Initial ACF Agent, prepay amounts outstanding under the WC Facility in a minimum amount of €1 million. Elenia Networks must confirm to the Initial ACF Agent that it has sufficient funds on such payment date to effect such prepayment.

Elenia Networks and/or Elenia Heat will be required to ensure that the aggregate amount of all the loans made under the WC Facility and any cash loans under Ancillary Facilities less any amount of Cash or Cash Equivalent Investments of the Security Group (other than the Issuer) shall be reduced to zero for a period of not less than five successive Business Days in each annual accounting period, and not fewer than three months from the end of the preceding clean down.

## **SERIES 1 PP NOTE PURCHASE AGREEMENT**

On 25 July 2014, the PP Note Issuer and the other Obligors entered into a note purchase agreement (**Series 1 PP Note Purchase Agreement**) with certain purchasers listed therein (the **Series 1 PP Note Purchasers**), pursuant to which the PP Note Issuer, on 30 July 2014, issued and sold €120,000,000 fixed rate senior secured guaranteed notes due 30 July 2034 (the **Series 1 Notes**) to the Series 1 PP Note Purchasers.

The proceeds of the sale of the Series 1 Notes were ultimately used to refinance a portion of the then existing Senior Debt incurred under Facility A of the Initial Authorised Credit Facilities Agreement described above.

On 30 July 2014, each Series 1 PP Note Purchaser who wasn't already party to the STID and the Common Terms Agreement acceded to the Common Terms Agreement and the STID, and became a Secured Creditor and a Finance Party thereunder.

### ***Repayment***

The entire principal amount of the Series 1 Notes (or so much thereof as shall not have been prepaid) shall be due and payable in full on 30 July 2034.

### ***Prepayments***

Mandatory and optional prepayment of the Series 1 Notes in full or in part, (subject to minimum prepayment amounts, notice periods, payment of accrued interest and in certain circumstances, payment of make-whole amounts) apply pursuant to the terms of the Series 1 PP Note Purchase Agreement.

### ***Events of Default and Trigger Events***

If an Event of Default has occurred and is continuing or a Trigger Event (including an additional trigger event whereby the long-term credit rating of the Series 1 Notes is downgraded below Investment Grade)

has occurred and is continuing, the Series 1 PP Note Purchasers (together with all other Finance Parties) shall be entitled to the rights and remedies and be entitled to act in accordance with the provisions set forth in the Common Terms Agreement and any other Finance Document.

### ***Governing law***

The Series 1 PP Note Purchase Agreement and all non-contractual obligations arising out of or in connection with it are governed by English law.

## **SERIES 2 PP NOTE PURCHASE AGREEMENT**

On 3 September 2014, the PP Note Issuer and the other Obligors entered into a note purchase agreement (**Series 2 PP Note Purchase Agreement**) with certain purchasers listed therein (the **Series 2 PP Note Purchasers**), pursuant to which the PP Note Issuer, on 9 September 2014, issued and sold €35,000,000 fixed rate senior secured guaranteed notes due 9 September 2034 (the **Series 2 Notes**) to the Series 2 PP Note Purchasers.

The proceeds of the sale of the Series 2 Notes were ultimately used to refinance a portion of the then existing Senior Debt incurred under Facility A of the Initial Authorised Credit Facilities Agreement described above.

On 9 September 2014, each Series 2 PP Note Purchaser who wasn't already party to the STID and the Common Terms Agreement acceded to the Common Terms Agreement and the STID, and became a Secured Creditor and a Finance Party thereunder.

### ***Repayment***

The entire principal amount of the Series 2 Notes (or so much thereof as shall not have been prepaid) shall be due and payable in full on 9 September 2034.

### ***Prepayments***

Mandatory and optional prepayment of the Series 2 Notes in full or in part, (subject to minimum prepayment amounts, notice periods, payment of accrued interest and in certain circumstances, payment of make-whole amounts), apply pursuant to the terms of the Series 2 PP Note Purchase Agreement.

### ***Events of Default and Trigger Events***

If an Event of Default has occurred and is continuing or a Trigger Event (including an additional trigger event whereby the long-term credit rating of the Series 2 Notes is downgraded below Investment Grade) has occurred and is continuing, the Series 2 PP Note Purchasers (together with all other Finance Parties) shall be entitled to the rights and remedies and be entitled to act in accordance with the provisions set forth in the Common Terms Agreement and any other Finance Document.

### ***Governing law***

The Series 2 PP Note Purchase Agreement and all non-contractual obligations arising out of or in connection with it are governed by English law.

## **SERIES 3 PP NOTE PURCHASE AGREEMENT**

On 19 August 2015, the PP Note Issuer and the other Obligors entered into a note purchase agreement (**Series 3 PP Note Purchase Agreement**) with certain purchasers listed therein (the **Series 3 PP Note Purchasers**), pursuant to which the PP Note Issuer, on 19 August 2015, issued and sold €75,000,000

fixed rate senior secured guaranteed notes due 19 August 2030 (the **Series 3 Notes**) to the Series 3 PP Note Purchasers.

The proceeds of the sale of the Series 3 Notes were ultimately used to both refinance a portion of the then existing Senior Debt incurred under Facility A of the Initial Authorised Credit Facilities Agreement described above and finance Capital Expenditure.

On 19 August 2015, each Series 3 PP Note Purchaser who wasn't already party to the STID and the Common Terms Agreement acceded to the Common Terms Agreement and the STID, and became a Secured Creditor and a Finance Party thereunder.

### ***Repayment***

The entire principal amount of the Series 3 Notes (or so much thereof as shall not have been prepaid) shall be due and payable in full on 19 August 2030.

### ***Prepayments***

Mandatory and optional prepayment of the Series 3 Notes in full or in part, (subject to minimum prepayment amounts, notice periods, payment of accrued interest and in certain circumstances, payment of make-whole amounts), apply pursuant to the terms of the Series 3 PP Note Purchase Agreement.

### ***Events of Default and Trigger Events***

If an Event of Default has occurred and is continuing or a Trigger Event (including an additional trigger event whereby the long-term credit rating of the Series 3 Notes is downgraded below Investment Grade) has occurred and is continuing, the Series 3 PP Note Purchasers (together with all other Finance Parties) shall be entitled to the rights and remedies and be entitled to act in accordance with the provisions set forth in the Common Terms Agreement and any other Finance Document.

### ***Governing Law***

The Series 3 PP Note Purchase Agreement and all non-contractual obligations arising out of or in connection with it are governed by English law.

## **ACCOUNT BANK AGREEMENT**

### **General**

Each of Elenia Networks, the Issuer, Elenia Holdings, Elenia Finance (SPPS) and the Parent established an operating account (together, the **Operating Accounts**). Each of Elenia Networks, Elenia Heat or the Issuer may open a Debt Service Reserve Account and/or a Liquidity Standby Account with the Account Bank (together with the Operating Accounts, the **Obligor Accounts**). The Obligor Accounts when opened are held with the Account Bank pursuant to the Account Bank Agreement dated 10 December 2013 between Elenia Networks, Elenia Heat, the Issuer, Elenia Holdings, Elenia Finance (SPPS), the Parent, the Account Bank, the Security Trustee and the Standstill Cash Manager. On 23 December 2014, Elenia Services acceded as an Obligor to the Account Bank Agreement. A Liquidity Standby Account opened under the Liquidity Facility Agreement may be opened and maintained with the Account Bank under the Account Bank Agreement and any such account will be operated by the Liquidity Facility Agent.

**Debt Service Reserve Account** means an account opened and maintained by Elenia Networks, Elenia Heat or the Issuer (as the case may be) entitled "Debt Service Reserve Account" which may be credited with a cash reserve for satisfying all or part of the minimum debt service funding requirements set out in

paragraph 1 of part 1 (Trigger Events) of schedule 3 (Trigger Events) of the Common Terms Agreement, or such other account as may be opened, with the consent of the Security Trustee, at any branch of the Account Bank in replacement of such account.

**Liquidity Standby Account** means a reserve account to be opened, if required, in the name of Elenia Networks, Elenia Heat or the Issuer (as appropriate), and held at the applicable Liquidity Facility Provider in respect of whom the Standby Drawing has been made, or if such Liquidity Facility Provider does not have the Minimum Long Term Rating, at the Account Bank.

**Requisite Ratings** means BBB- by Fitch, or Baa3 by Moody's or BBB- by S&P or any equivalent long term rating by another Rating Agency.

## **Termination**

The Account Bank may resign its appointment upon not less than 120 days' notice to the Obligors and the Cash Manager (copied to the Security Trustee and the Standstill Cash Manager) provided that: (a) if such resignation would otherwise take effect less than 30 days before or after the date upon which the Security created under the STID is released, or any Payment Date, it shall not take effect until the 30th day following such date; and (b) such resignation shall not take effect until a substitute Account Bank with the Requisite Rating has been duly appointed.

The Obligors may jointly revoke their appointment of the Account Bank by not less than 30 days' notice to the Account Bank (with a copy to the Security Trustee and the Standstill Cash Manager) provided that such revocation shall not take effect until a substitute has been duly appointed. Furthermore the appointment of the Account Bank will terminate automatically if an Insolvency Event occurs in relation to the Account Bank.

## **SECURITY DOCUMENTS**

### **LUXEMBOURG LAW SECURITY DOCUMENTS**

#### **Luxembourg Receivables Pledge**

##### *General*

On the Initial Issue Date, Elenia Finance (SPPS) entered into a receivables pledge agreement with the Security Trustee for itself and as Security Trustee for the account of the Secured Creditors. Pursuant to that agreement, Elenia Finance (SPPS) as Pledgor granted to the Security Trustee a Luxembourg law governed first ranking pledge (“*gage de premier rang*”) over the Receivables (as defined below) in order to secure the Secured Liabilities (as defined in the MDA) (the **Luxembourg Receivables Pledge**).

##### *Receivables*

The **Receivables** consist of all the present and future claims (other than (i) under the SPPS and (ii) deriving from the bank accounts pledged to the Security Trustee pursuant to the Elenia Finance (SPPS) Finnish Pledge) owed to Elenia Finance (SPPS) including, for the avoidance of doubt, all income deriving therefrom, payments made or to be made in respect thereof, interest thereon, proceeds thereof and rights, title and benefits in relation thereto.

##### *Validity and Perfection*

The first ranking security (“*gage de premier rang*”) over the Receivables has been validly created in favour of the Security Trustee and the Secured Creditors, Elenia Finance (SPPS) and the Security Trustee have accepted and acknowledged the Luxembourg Receivables Pledge by signing the relevant

agreement creating such security. The security has been perfected in accordance with the terms of the Luxembourg Receivables Pledge and applicable law.

#### *Rights to the Receivables before an Enforcement Period*

At any time prior to an Enforcement Period (as defined in the MDA), Elenia Finance (SPPS) is entitled to receive payment of the Receivables or to exercise all the rights it has under the Receivables, subject to Elenia Finance (SPPS) being in compliance with the Finance Documents.

#### *Limitation on Realisation*

The Security Trustee will realise the Receivables only to the extent necessary to recover the Secured Liabilities that are then due and owing. Any excess proceeds will be held by the Security Trustee as collateral for the Secured Liabilities that would become due in the future, if any.

#### *Order of Distributions*

All amounts received or recovered by the Security Trustee in the exercise of its rights under the Luxembourg Receivables Pledge will, subject to the rights of any creditors having priority, be applied in accordance with the relevant provisions of the STID.

### **Luxembourg Elenia Holdings Share Pledge**

#### *General*

On the Initial Issue Date, Elenia Finance (SPPS) and the Parent entered into a share pledge agreement with the Security Trustee for itself and as security trustee for the account of the Secured Creditors in respect of their shares in Elenia Holdings. Pursuant to that agreement, Elenia Finance (SPPS) and the Parent granted to the Security Trustee a Luxembourg law governed first ranking pledge (“*gage de premier rang*”) over the Elenia Holdings Share Pledged Assets (as defined below) in order to secure the Secured Liabilities (as defined in the MDA) (the **Luxembourg Elenia Holdings Share Pledge**).

#### *Elenia Holdings Share Pledged Assets*

The **Elenia Holdings Share Pledged Assets** consist of any and all of the following:

- (a) in respect of each of Elenia Finance (SPPS) and the Parent, (i) all its present and future shares in Elenia Holdings including, but not limited to, the shares issued and outstanding at the date of the Luxembourg Elenia Holdings Share Pledge and (ii) all warrants, options and other rights to subscribe for, purchase or otherwise acquire any of those shares, in each case now or in the future owned by it or (to the extent of its interest) in which it now or in the future has an interest (collectively, the **Elenia Holdings Shares**);
- (b) in relation to any Elenia Holdings Share, all present and future (i) dividends and distributions of any kind and any other sum received or receivable in respect of that Elenia Holdings Share, (ii) rights, shares, money or other assets accruing or offered by way of redemption, substitution, exchange, bonus, option, preference or otherwise in respect of that Elenia Holdings Share, (iii) allotments, offers and rights accruing or offered in respect of that Elenia Holdings Share and (iv) other rights and assets attaching to, deriving from or exercisable by virtue of the ownership of, that Elenia Holdings Share (collectively, the **Elenia Holdings Dividends**); and
- (c) any assets from time to time subject, or expressed to be subject, to the Luxembourg Elenia Holdings Share Pledge or any part of those assets.



### *Validity and Perfection*

The first ranking security (“*gage de premier rang*”) over the Elenia Holdings Share Pledged Assets and the proceeds thereof has been validly created in favour of the Security Trustee and the Secured Creditors as (i) Elenia Finance (SPPS), the Parent, the Security Trustee and Elenia Holdings have accepted and acknowledged the Luxembourg Elenia Holdings Share Pledge by signing the relevant agreement creating such security and (ii) the Luxembourg Elenia Finance (SPPS) Share Pledge has been registered in Elenia Holdings’ register of the Elenia Holdings Shares.

### *Voting and Dividends before an Enforcement Period*

At any time prior to an Enforcement Period (as defined in the MDA), subject to certain restrictions, each of Elenia Finance (SPPS) and the Parent is entitled (i) to exercise or direct the exercise of the voting and other rights attached to any Elenia Holdings Share owned by it and (ii) to receive and retain any Elenia Holdings Dividends and other payments in respect of the Elenia Holdings Share Pledged Assets.

### *Limitation on Realisation*

The Security Trustee will realise the Elenia Holdings Share Pledged Assets only to the extent necessary to recover the Secured Liabilities that are then due and owing. Any excess proceeds will be held by the Security Trustee as collateral for the Secured Liabilities that would become due in the future, if any.

### *Order of Distributions*

All amounts received or recovered by the Security Trustee in the exercise of its rights under the Luxembourg Elenia Holdings Share Pledge will, subject to the rights of any creditors having priority, be applied in accordance with the relevant provisions of the STID.

## **Luxembourg Elenia Finance (SPPS) Share Pledge**

### *General*

On the Initial Issue Date, the Issuer entered into a share pledge agreement with the Security Trustee for itself and as security trustee for the account of the Secured Creditors in respect of its shares in Elenia Finance (SPPS). Pursuant to that agreement, the Issuer granted to the Security Trustee a Luxembourg law governed first ranking pledge (“*gage de premier rang*”) over the Elenia Finance (SPPS) Share Pledged Assets (as defined below) in order to secure the Secured Liabilities (as defined in the MDA) (the **Luxembourg Finance (SPPS) Share Pledge**).

### *Elenia Finance (SPPS) Share Pledged Assets*

The **Elenia Finance (SPPS) Share Pledged Assets** consist of any and all of the following:

- (a) in respect of the Issuer, (i) all its present and future shares in Elenia Finance (SPPS) including, but not limited to, the shares issued and outstanding at the date of the Luxembourg Finance (SPPS) Share Pledge and (ii) all warrants, options and other rights to subscribe for, purchase or otherwise acquire any of those shares, in each case now or in the future owned by it or (to the extent of its interest) in which it now or in the future has an interest (collectively, the **Elenia Finance (SPPS) Shares**);
- (b) in relation to any Elenia Finance (SPPS) Share, all present and future (i) dividends and distributions of any kind and any other sum received or receivable in respect of that Elenia Finance (SPPS) Share, (ii) rights, shares, money or other assets accruing or offered by way of redemption, substitution, exchange, bonus, option, preference or otherwise in respect of that

Elenia Finance (SPPS) Share, (iii) allotments, offers and rights accruing or offered in respect of that Elenia Finance (SPPS) Share and (iv) other rights and assets attaching to, deriving from or exercisable by virtue of the ownership of, that Elenia Finance (SPPS) Share (collectively, the **Elenia Finance (SPPS) Dividends**); and

- (c) any assets from time to time subject, or expressed to be subject, to the Luxembourg Elenia Finance (SPPS) Share Pledge or any part of those assets.

#### *Validity and Perfection*

The first ranking security (“*gage de premier rang*”) over the Elenia Finance (SPPS) Share Pledged Assets and the proceeds thereof has been validly created and perfected in favour of the Security Trustee and the Secured Creditors as (i) the Issuer, the Security Trustee and Elenia Finance (SPPS) have accepted and acknowledged the Luxembourg Elenia Finance (SPPS) Share Pledge by signing the relevant agreement creating such security and (ii) the Luxembourg Elenia Finance (SPPS) Share Pledge has been registered in Elenia Finance (SPPS)’ register of the Elenia Finance (SPPS) Shares.

#### *Voting and Dividends before an Enforcement Period*

At any time prior to an Enforcement Period (as defined in the MDA), subject to certain restrictions, the Issuer is entitled (i) to exercise or direct the exercise of the voting and other rights attached to any Elenia Finance (SPPS) Share owned by it and (ii) to receive and retain any Elenia Finance (SPPS) Dividends and other payments in respect of the Elenia Finance (SPPS) Share Pledged Assets.

#### *Limitation on Realisation*

The Security Trustee will realise the Elenia Finance (SPPS) Share Pledged Assets only to the extent necessary to recover the Secured Liabilities that are then due and owing. Any excess proceeds will be held by the Security Trustee as collateral for the Secured Liabilities that would become due in the future, if any.

#### *Order of Distributions*

All amounts received or recovered by the Security Trustee in the exercise of its rights under the Luxembourg Elenia Finance (SPPS) Share Pledge will, subject to the rights of any creditors having priority, be applied in accordance with the relevant provisions of the STID.

### **FINNISH LAW SECURITY DOCUMENTS**

#### **Elenia Networks Finnish Pledge**

Pursuant to the pledge between Elenia Networks and the Security Trustee, the obligations set forth thereunder became effective on the Initial Issue Date. Under this pledge, Elenia Networks granted a security over its assets for the obligations and liabilities of each other Obligor to any Secured Creditor under the Finance Documents.

The security constituted by this pledge is expressed to include, among other things, security over:

- (a) the shares in Elenia Heat and the Issuer and the dividends and any other rights, moneys or property accruing or offered at any time in relation to the shares by way of redemption, substitution, exchange, bonus or preference, under option rights or otherwise (in Finnish: varallisuusoukeudet);

- (b) each loan, advance, claim, receivable or outstanding amount (including, but not limited to claims resulting from any rights of recourse or subrogation) owing from time to time by the Issuer to Elenia Networks under any intra-group loan agreement, including, but not limited to intercompany receivables;
- (c) business mortgage notes evidencing the business mortgages registered on Elenia Network's assets, including, without limitation, fixed and intangible assets, working capital and liquid assets but excluding tax refunds;
- (d) real estate mortgage notes registered on Elenia Network's properties together with all statutory rights and interest in and relating to the properties; and
- (e) Elenia Networks' bank accounts together with all amounts standing to the credit from time to time in the bank accounts and any interest accrued thereon.

Pursuant to the pledge between Elenia Networks and the Security Trustee dated 19 December 2014 (the **Elenia Services Finnish Share Pledge**), the obligations set forth thereunder became effective on 19 December 2014. Under the Elenia Services Finnish Share Pledge, Elenia Networks granted a security over the shares in Elenia Services and the dividends and any other rights, moneys or property accruing or offered at any time in relation to the shares by way of redemption, substitution, exchange, bonus or preference, under option rights or otherwise (in Finnish: varallisuusoikeudet) for the obligations and liabilities of each other Obligor to any Secured Creditor under the Finance Documents.

#### **Elenia Heat Finnish Pledge**

Pursuant to the pledge between Elenia Heat and the Security Trustee, the obligations set forth thereunder became effective on the Initial Issue Date. Under this pledge, Elenia Heat granted a security over its assets for the obligations and liabilities of each other Obligor to any Secured Creditor under the Finance Documents.

The security constituted by this pledge is expressed to include, among other things, security over:

- (a) the shares owned by Elenia Heat in Oriveden Aluelämpö Oy (being 50% of the issued shares in that company) and the dividends and any other rights, moneys or property accruing or offered at any time in relation to the shares by way of redemption, substitution, exchange, bonus or preference, under option rights or otherwise (in Finnish: varallisuusoikeudet);
- (b) each loan, advance, claim, receivable or outstanding amount (including, but not limited to claims resulting from any rights of recourse or subrogation) owing from time to time by the Issuer to Elenia Heat under any intra-group loan agreement, including, but not limited to intercompany receivables;
- (c) business mortgage notes evidencing the business mortgage registered on Elenia Heat's assets, including, without limitation, fixed and intangible assets, working capital and liquid assets but excluding tax refunds;
- (d) real estate mortgage notes registered on Elenia Heat's properties together with all statutory rights and interest in and relating to the properties; and
- (e) Elenia Heat's bank accounts together with all amounts standing to the credit from time to time in the bank accounts and any interest accrued thereon.

The obligations of Elenia Heat under the this pledge are subject to and limited if (and only if) and to the extent required by the application of the mandatory provisions of the Finnish Companies Act (statute

624/2006), which regulate: (a) unlawful financial assistance within the meaning of Chapter 13, Section 10 of the Finnish Companies Act; or (b) distribution of assets within the meaning of Chapter 13, Section 1 of the Finnish Companies Act or other applicable mandatory provisions of Finnish law.

#### **Kimi BV Finnish Pledge**

Pursuant to the Finnish law pledge entered into between Kimi BV and the Security Trustee, the obligations set forth thereunder became effective on the Initial Issue Date. Under this pledge, Kimi BV granted a security over its assets for the obligations and liabilities of each other Obligor to any Secured Creditor under the Finance Documents.

The security constituted by this pledge is expressed to include, among other things, security over each loan, advance, claim, receivable or outstanding amount (including, but not limited to claims resulting from any rights of recourse or subrogation) owing from time to time by Elenia Networks to Kimi BV under any intra-group loan agreement, including, but not limited to intercompany receivables.

#### **Pispala BV Finnish Pledge**

Pursuant to the Finnish law pledge entered into between Pispala BV and the Security Trustee, the obligations set forth thereunder became effective on the Initial Issue Date. Under this Pledge, Pispala BV granted a security over its assets for the obligations and liabilities of each other Obligor to any Secured Creditor under the Finance Documents.

The security constituted by this pledge is expressed to include, among other things, security over each loan, advance, claim, receivable or outstanding amount (including, but not limited to claims resulting from any rights of recourse or subrogation) owing from time to time by Elenia Networks to Pispala BV under any intra-group loan agreement, including, but not limited to intercompany receivables.

#### **Tampere BV Finnish Pledge**

Pursuant to the Finnish law pledge entered into between Tampere BV and the Security Trustee, the obligations set forth thereunder became effective on the Initial Issue Date. Under this pledge, Tampere BV granted a security over its assets for the obligations and liabilities of each other Obligor to any Secured Creditor under the Finance Documents.

The security constituted by this pledge is expressed to include, among other things, security over each loan, advance, claim, receivable or outstanding amount (including, but not limited to claims resulting from any rights of recourse or subrogation) owing from time to time by Elenia Networks to Tampere BV under any intra-group loan agreement, including, but not limited to intercompany receivables.

#### **Elenia Holdings Finnish Pledge**

Pursuant to the Finnish law pledge entered into between Elenia Holdings and the Security Trustee, the obligations set forth thereunder became effective on the Initial Issue Date. Under this pledge, Elenia Holdings granted a security over its assets, and receivables owed to it by Elenia Networks, for the obligations and liabilities of each other Obligor to any Secured Creditor under the Finance Documents.

The security constituted by this pledge is expressed to include, among other things, security over:

- (a) the shares in Elenia Networks and the dividends and any other rights, moneys or property accruing or offered at any time in relation to the shares by way of redemption, substitution, exchange, bonus or preference, under option rights or otherwise (in Finnish: varallisuusosikeudet); and

- (b) Elenia Holdings' bank accounts together with all amounts standing to the credit from time to time in the bank accounts and any interest accrued thereon.

#### **Elenia Finance (SPPS) Finnish Pledge**

Pursuant to Finnish law pledge entered into between Elenia Finance (SPPS) and the Security Trustee, the obligations set forth thereunder became effective on the Initial Issue Date. Under such agreement, Elenia Finance (SPPS) granted a security over its assets for the obligations and liabilities of each other Obligor to any Secured Creditor under the Finance Documents.

The security constituted by this pledge is expressed to include, among other things, security over Elenia Finance (SPPS)'s bank accounts together with all amounts standing to the credit from time to time in the bank accounts and any interest accrued thereon.

#### **Parent Finnish Pledge**

Pursuant to the Finnish law pledge entered into between the Parent and the Security Trustee, the obligations set forth thereunder became effective on the Initial Issue Date. Under such pledge, the Parent granted a security over its assets for the obligations and liabilities of each other Obligor to any Secured Creditor under the Finance Documents.

The security constituted by this pledge is expressed to include, among other things, security over the Parent's bank accounts together with all amounts standing to the credit from time to time in the bank accounts and any interest accrued thereon and any receivables and a subordinated liability in place with Elenia Networks.

#### **Elenia Services Finnish Pledge**

Pursuant to the Finnish law pledge entered into between Elenia Services and the Security Trustee, the obligations set forth thereunder became effective on 23 December 2014. Under such pledge, Elenia Services granted security over its assets for the obligations and liabilities of each other Obligor to any Secured Creditor under the Finance Documents.

The security constituted by this pledge is expressed to include, among other things, security over its current and future assets which are capable of being subject to a business mortgage including, without limitation, the business mortgage promissory note(s) (in Finnish: *yrityskiinnityspanttivelkakirja*) issued by Elenia Services, in favour of the Secured Creditors represented by the Security Trustee.

### **ENGLISH LAW SECURITY DOCUMENT**

#### **SECURITY AGREEMENT**

##### **General**

On the Initial Issue Date, the Obligors (other than Elenia Services) entered into an English law governed Security Agreement in favour of the Security Trustee (for itself and for the Secured Creditors) in connection with the Finance Documents. Under this agreement, each Obligor (other than the Issuer) assigned by way of security with full title guarantee and as security for all Secured Liabilities, all of the Agreements to which it is party. The security granted by the Issuer under the Security Agreement shall secure only the obligations of the Issuer and not all of the Secured Liabilities.

## **Assigned Agreements**

The Agreements assigned by way of security consist of each Obligor's right, title and interest from time to time in and to the Finance Documents to which it is party which are governed by English law and any of the following in relation thereto:

- (a) any proceeds of sale, transfer or other disposal, lease, licence, sub-licence, or agreement for sale, transfer or other disposal, lease, licence or sub-licence under any such Finance Document;
- (b) any moneys or proceeds paid or payable deriving from any such Finance Document;
- (c) any rights, claims, guarantees, indemnities, Security or covenants for title in relation to any such Finance Document;
- (d) any awards or judgements in favour of an Obligor in relation to any such Finance Document; and
- (e) any other asset deriving from, or relating to any such Finance Documents.

## **Secured Liabilities**

The security created under the Security Agreement is granted by each Obligor (other than the Issuer) as security for the payment of all of the Secured Liabilities, being all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Obligor to any Secured Creditor under each Finance Document to which such Obligor is a party. As noted above, the security granted hereunder by the Issuer will only secure its own liabilities under the Finance Documents and not the full Secured Liabilities.

## **Enforcement**

Under the Security Agreement the security created thereunder is enforceable upon the commencement of and at any time during an Enforcement Period. In accordance with the Master Definitions Agreement, such period begins upon the termination of a Standstill (other than pursuant to the granting of a waiver of the underlying default in accordance with the STID) until the earlier of the date on which all Secured Liabilities are discharged and the date on which the Security Trustee (acting in accordance with the instructions of the relevant Secured Creditors pursuant to the STID) notifies the Obligors that the Enforcement Period has ended.

During such period, the Security Trustee may in its absolute discretion enforce all or any part of the security in any manner it sees fit, acting in accordance with the STID.

## **Application of Proceeds**

Any proceeds received by the Security Trustee or by any receiver appointed by it pursuant to the Security Agreement must be applied by the Security Trustee in accordance with the Post-Enforcement Priority of Payments, subject to the payment of any claims having priority to the security under the Security Agreement and to the rights of the Security Trustee and any receiver appointed in respect thereof and subject to the STID.

## **Discharge of Security**

Subject to the STID, the security shall be discharged when (i) all of the Secured Liabilities have been unconditionally and irrevocably paid and discharged in full and (ii) none of the Secured Creditors are under any further actual or contingent obligation to make advances or provide other financial accommodation to any Obligor under any Finance Document.

At this point, the Security Trustee and each Secured Creditor shall, in the sole discretion of the Security Trustee, execute and do all such things as may be necessary to release the security created by the Security Agreement and to reassign the assigned property thereunder to each Obligor (as applicable).

## SUMMARY OF THE CREDIT AND LIQUIDITY SUPPORT DOCUMENTS

### INITIAL LIQUIDITY FACILITY AGREEMENT

Elenia Networks, the Issuer and Elenia Heat (together the **LF Borrowers**) entered into the Initial Liquidity Facility Agreement on 10 December 2013.

Under the terms of the Initial Liquidity Facility Agreement, the Initial Liquidity Facility Providers granted a 364-day committed euro revolving credit facility (which may be renewed) in aggregate amount specified in the Initial Liquidity Facility Agreement for the purpose of covering certain shortfalls in the ability of the LF Borrowers to service amounts payable in respect of the Finance Documents and certain other payments due to the Secured Creditors, including amounts due under certain hedging agreements.

Each Liquidity Facility Provider must have the Minimum Long Term Rating. Each Liquidity Facility Provider will be a Secured Creditor and a party to the STID, the Common Terms Agreement and the Master Definitions Agreement.

Under the Initial Liquidity Facility Agreement, the Liquidity Facility will not be available to be drawn down if an LF Event of Default has occurred and is continuing. Following an LF Event of Default, the Initial Liquidity Facility Agent may, by notice in writing to the affected Borrower (copied to the other LF Borrowers), the Security Trustee and the Bond Trustee, declare all outstanding drawings immediately due and payable and/or cancel the commitments of each Initial Liquidity Facility Provider.

The Initial Liquidity Facility Agreement provides that if: (a) at any time the rating of the long term, unsecured, unsubordinated and unguaranteed debt obligations of the relevant Liquidity Facility Provider falls below the Minimum Long Term Rating; or (b) the relevant Liquidity Facility Provider does not agree to renew its commitment under the Liquidity Facility prior to the expiry of the relevant availability period:

- (a) the Cash Manager will use all reasonable endeavours to replace the relevant Liquidity Facility Provider with a successor Liquidity Facility Provider, a substitute Liquidity Facility Provider or, in the case of (a) above only, a guarantor of such Liquidity Facility Provider with the Minimum Long-Term Rating; and
- (b) (if a replacement is not made within the relevant time period specified in the Initial Liquidity Facility Agreement) the LF Borrowers (or the Cash Manager on their behalf) will be entitled to require such Liquidity Facility Provider to pay into the relevant Liquidity Standby Account the full amount of the relevant Liquidity Facility Provider's undrawn commitment (a **Standby Drawing**).

If the Standby Drawing results from a Liquidity Facility Provider falling below the Minimum Long Term Rating, the LF Borrowers shall repay the Standby Drawing : (A) if the LF Borrowers serve a notice of cancellation; (B) if the affected Liquidity Facility Provider assigns or transfers its rights, benefits or obligations under the LF Finance Documents; (C) within five Business Days of the date on which the Affected Liquidity Facility Provider has served a notice on the Liquidity Facility Agent indicating that the Liquidity Facility Provider has been re-rated with the Minimum Long-Term Rating or that a guarantor with the Minimum Long Term Rating has agreed to guarantee the obligations of such Affected Liquidity Facility Provider in accordance with the Initial Liquidity Facility Agreement; or (D) if all Ratings Agencies then rating the Bonds or any Tranche of Bonds confirm to the Security Trustee that such repayment would not lead to the ratings ascribed to any Tranche of Bonds being downgraded below the then current ratings of such Tranche of Bonds.



If the Standby Drawing results from a Liquidity Facility Provider not agreeing to renew its commitment, the LF Borrowers shall repay the Standby Drawing if: (A) the LF Borrowers enter into a replacement liquidity facility on terms acceptable to the Security Trustee, the Bond Trustee and the Rating Agencies; (B) the LF Borrowers serve a notice of cancellation to the affected Liquidity Facility Provider; (C) a Successor Liquidity Facility Provider accedes to the Initial Liquidity Facility Agreement pursuant to the terms of the Liquidity Facility Agreement with a Commitment in an amount equal to such Standby Drawing; or (D) all the Rating Agencies then rating the Bonds or any Tranche of Bonds confirm to the Security Trustee that such repayment would not lead to the ratings ascribed to any Tranche of Bonds being downgraded below the then current ratings of such Tranche of Bonds.

The Initial Liquidity Facility Agreement and all non-contractual obligations arising out of or in connection with it are governed by English law.

## **BORROWER HEDGING AGREEMENTS**

Members of the Security Group (including the Issuer) may enter into various interest rate, inflation-linked and currency swap transactions with the Borrower Hedge Counterparties in conformity with the Hedging Policy (see "*Summary of the Common Documents – Common Terms Agreement – Hedging Policy*").

## **SUMMARY OF THE ISSUER TRANSACTION DOCUMENTS**

### **BOND TRUST DEED**

#### **General**

On 10 December 2013, the Issuer, Elenia Networks, Elenia Heat, Elenia Holdings, Elenia Finance (SPPS), the Parent and the Bond Trustee entered into the Bond Trust Deed pursuant to which the Bonds are or will be constituted. The Bond Trust Deed includes the form of the Bonds and contain a covenant from the Issuer (or, in the case of a failure to pay by the Issuer, the Guarantors) to the Bonds Trustee to pay all amounts due under the Bonds. The Bond Trustee holds the benefit of that covenant on trust for itself, the Bondholders, the Receiptholders and the Couponholders in accordance with their respective interests under the Bond Trust Deed. Elenia Services acceded as an Obligor, Guarantor and a member of the Security Group to the Bond Trust Deed on 27 February 2015 by way of a supplemental trust deed to the Bond Trust Deed. The Bond Trust Deed will be further supplemented by way of a supplemental deed to the Bond Trust Deed on or about the date of this Prospectus.

#### **Covenants**

Under the Bond Trust Deed, the Issuer makes certain covenants in addition to those set out in the CTA, including the following:

- (a) the Issuer shall if, before an Interest Payment Date for any Bond, it becomes subject generally to the taxing jurisdiction of any territory or any political sub division thereof or any authority therein or thereof having power to tax other than or in addition to Finland, immediately upon becoming aware thereof, notify the Bond Trustee of such event and (unless such Bond Trustee agrees otherwise) enter forthwith into a deed supplemental to the relevant bond trust deed with the substitution for (or, as the case may be, the addition to) the references therein to Finland of references to that other or additional territory to whose taxing jurisdiction, or that of a political subdivision thereof or an authority therein or thereof, to which the Issuer becomes subject as aforesaid;
- (b) the Issuer shall, within the time-period specified in the Conditions prior to the redemption or repayment date in respect of any Bond, give to the Bond Trustee notice in writing of the amount of such redemption or repayment pursuant to the Conditions; and
- (c) the Issuer shall notify the Bond Trustee of any material amendment to the Dealership Agreement.

#### **Enforcement**

Notwithstanding the provisions of any other Finance Document, the Security shall only become enforceable upon the delivery of an Acceleration Notice in accordance with the STID. Only the Bond Trustee may enforce the provisions of the Bonds and the Bond Trust Deed and no Bondholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer or any Guarantor unless the Bond Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

#### **Waiver of an Event of Default**

The Bond Trustee may, without the consent or sanction of the Bondholders, the Receiptholders, the Couponholders or any other Secured Creditor at any time (but only if and so far as in its opinion the interests of the Bondholders shall not be materially prejudiced thereby) determine that any event which would otherwise constitute an Event of Default or Potential Event of Default shall not be treated as such

for the purposes of the Bond Trust Deed provided that, in relation to a matter involving an Entrenched Right the provisions of the STID are complied with, or where any Bondholders are affected Secured Creditors, they have sanctioned such waiver in accordance with the Bond Trust Deed and provided further that the Bond Trustee shall not exercise such powers in contravention of any express direction given by Extraordinary Resolution of the Bondholders or of a request in writing made by holders of not less than 25% in aggregate of the principal amount of the Bonds then outstanding, but no such direction or request shall affect any waiver or authorisation previously given or made or so as to authorise or waive any such proposed breach or breach relating to any Basic Terms Modification.

## **Modification**

The Bond Trustee may without the consent or sanction of the Bondholders, the Receiptholders, the Couponholders and the other Secured Creditors (other than any Secured Creditor which is party to the relevant documents), at any time and from time to time, concur with the Issuer, any Guarantor and any other person, or direct the Security Trustee to concur with the Issuer, any Guarantor or any other person, in making any modification to:

- (a) the Bond Trust Deed, the Conditions, the Bonds, the Receipts, the Coupons and/or the other Finance Documents (other than a Basic Terms Modification or any modification to the Dealership Agreement or any Subscription Agreement) (subject as provided in the STID in relation to any Common Documents) or other document to which it is party or in respect of which it holds security, provided that the Bond Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the Bondholders and provided further that if any such modification relates to an Entrenched Right, each of the affected Secured Creditors has given its prior written consent or, where any Bondholders are affected Secured Creditors, the holders of each Tranche of Bonds affected thereby have sanctioned such modification in accordance with the Bond Trust Deed; or
- (b) the Bond Trust Deed, the Conditions, the Bonds, the Receipts, the Coupons or the other Finance Documents (subject as provided in the STID in relation to any Common Documents or Authorised Credit Facility) or other documents to which it is a party or in respect of which it holds security which is, in the opinion of the Bond Trustee, of a formal, minor or technical nature, to correct a manifest error.

If, following the Establishment Date, the Issuer proposes to appoint an additional rating agency (the **Additional Rating Agency**) to assign a credit rating to the Bonds, the Bond Trustee shall, without the consent or sanction of the Bondholders, the Receiptholders, the Couponholders or any Secured Creditor (other than any Secured Creditor which is party to the relevant documents) and without liability therefor, agree to and make (and instruct the Security Trustee on behalf of the Bondholders to agree to and make) any modification proposed by the Issuer to the Bond Trust Deed, the Conditions, the Bonds, the Receipts, the Coupons and/or the other Finance Documents which the Issuer certifies to the Bond Trustee is necessary or desirable in order to give effect to the appointment of the Additional Rating Agency and the assignment of its initial credit rating to the Bonds, provided that S&P provides a rating confirmation that the then current rating of the Bonds will not be adversely affected by the proposed modifications.

The Bond Trustee shall, without the consent or sanction of any of the Bondholders and/or Couponholders of any class and (subject as provided below) any other Secured Creditor, concur with the Issuer, and/or direct the Security Trustee to concur with the Issuer, in making any modification to the Bonds and/or Coupons, the Conditions, these presents, the Security Documents and/or the other Finance Documents or giving its consent to any event, matter or thing that is requested by the Issuer in writing in order to comply with any criteria of the Rating Agencies which may be published after the Initial Issue Date and which modification(s) or consent(s) the Issuer certifies to the Bond Trustee and/or the Security Trustee (as applicable) in writing are required to avoid a downgrade, withdrawal or suspension of the then current

ratings assigned by a Rating Agency to the Bonds provided that the provision of the STID relating to such modifications thereto shall apply.

The Bond Trustee shall, without the consent of any of the Bondholders or any other Secured Creditor, concur with the Issuer, and/or direct the Security Trustee to concur with the Issuer in making any modifications to the Transaction Documents and/or the Conditions that are requested by the Issuer in order to enable the Issuer and/or the Obligors solely to comply with certain legal requirements which apply to it under Regulation (EU) 648/2012 (the **European Market Infrastructures Regulation** or **EMIR**), subject to receipt by the Bond Trustee of a certificate of the Issuer certifying to the Bond Trustee and the Security Trustee that the requested amendments are to be made solely for the purpose of enabling the Issuer and/or the Obligors to comply with its reporting and portfolio reconciliation and dispute resolution legal requirements under EMIR.

The Bond Trustee and the Security Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Bond Trustee or the Security Trustee, as applicable, would have the effect of (a) exposing the Bond Trustee or the Security Trustee, as applicable, to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction, or (b) increasing the obligations or duties, or decreasing the protections, of the Bond Trustee or the Security Trustee, as applicable, in the Transaction Documents and/or the Conditions.

The Bond Trust Deed provides that in connection with the exercise by it of any of its trusts, powers, authorities or discretions under the Bond Trust Deed (including, without limitation, any modification, waiver, authorisation, determination or substitution) or any other Finance Document the Bond Trustee shall have regard to the general interests of the Bondholders.

The Bond Trustee will be authorised by each Bondholder to execute and deliver on its behalf all documentation required to implement, or direct the Security Trustee to implement, any modifications, waivers or consents which have been granted by the Bond Trustee in respect of the Bond Trust Deed, the Conditions, the Bonds, the Receipts, the Coupons and/or any other Finance Document (other than a Basic Terms Modification, but subject as provided in the STID in relation to any Common Document) or other document to which it is a party or in respect of which the Security Trustee holds security and such execution and delivery shall bind each Bondholder as if such documentation had been duly executed by it.

### **Action, Proceedings and Indemnification**

The Bond Trustee shall not be bound to take, or to give any direction to the Security Trustee to take, any actions, proceedings or steps in relation to the Bond Trust Deed, the Bonds, the Receipts, the Coupons, the STID or any other Finance Document unless (subject always to the terms of the STID) directed or requested to do so in writing by Bondholders together holding or representing 25 per cent. or more of the Principal Amount Outstanding of the Bonds or by an Extraordinary Resolution of the Bondholders of one or more Tranches, and then only if it shall be indemnified and/or secured and/or prefunded to its satisfaction against any liabilities relating to such actions.

Only the Bond Trustee may enforce the provisions of the Bond Trust Deed or the other Finance Documents to which it is party on behalf of the Bondholders.

### **Provisions for Voting**

In respect of any STID Proposal other than an Entrenched Right STID Proposal (defined below) the following provisions apply.

Each Bondholder may only vote on such STID Proposal by way of Block Voting Instruction or by way of Electronic Consent and each Bondholder shall have one vote in respect of each €1 (or its equivalent

expressed in Euro on the basis of the Exchange Rate) of Outstanding Principal Amount of Bonds held by it.

Provided Electronic Consent is not applicable, each Bondholder must vote on or prior to the time specified in order to enable the Principal Paying Agent or, as the case may be, a Paying Agent or the Registrar to issue a Block Voting Instruction on the Voting Date, provided that if a Bondholder does not vote in sufficient time for a Block Voting Instruction to be issued in respect of its Bonds prior to the end of the Voting Period, the Votes of such Bondholder may not be counted.

In respect of such STID Proposal, the Bond Trustee shall vote as the Secured Creditor Representative of the Bondholders in respect of each Tranche of Bonds then outstanding by notifying the Security Trustee and the Issuer, in accordance with the STID, promptly following the receipt by it of such Votes, of each Vote comprised in a Block Voting Instruction received by it from a Paying Agent or the Registrar on or prior to the Voting Date (or, if earlier, the relevant Voting Closure Date).

In respect of: (a) an STID Proposal that gives rise to an Entrenched Right in respect of which the Bondholders are an Affected Secured Creditor (an **Entrenched Right STID Proposal**); and (b) any Voting Matter which is not a STID Proposal as described in the preceding paragraphs:

- (a) the Issuer or the Bond Trustee may at any time, and the Bond Trustee must if: (A) it receives an Entrenched Right STID Proposal; or (B) directed to do so by Bondholders representing not less than 10 per cent. of the Principal Amount Outstanding of the Bonds, request that such Voting Matter be considered by the Bondholders. The Issuer shall send a notice (a **Voting Notice**) to the Bondholders of each affected Tranche of Bonds, specifying the Voting Date (which shall initially be set with at least 21 clear days' notice) and Voting Matter(s) including the terms of any resolution to be proposed;
- (b) each Bondholder shall have one vote in respect of each €1 (or its equivalent expressed in Euro on the basis of the Exchange Rate) of Principal Amount Outstanding of the Bonds held or represented by it;
- (c) if Electronic Consent is not applicable, each Bondholder must vote prior to the close of business (London time) 24 hours prior to the Voting Date so that its votes can be included in a Block Voting Instruction which needs to be deposited at least 24 hours before the Voting Date;
- (d) in order for an Ordinary Resolution to be approved, one or more Bondholders representing 25 per cent. or more of the aggregate Principal Amount Outstanding of the Bonds who for the time being are entitled to receive notice of such Voting Matter need to participate in any initial Vote or where Electronic Consent is sought, the provisions in relation to Electronic Consent set out below may apply as if such resolution was an Extraordinary Resolution but with references to 75 per cent. therein deemed to be 25 per cent. for these purposes;
- (e) in order for an Extraordinary Resolution to be approved by (subject as provided below) two or more Bondholders representing 50 per cent. or more of the aggregate Principal Amount Outstanding of the Bonds, who for the time being are entitled to receive notice of such Voting Matter needed to participate in any initial Vote, except that in respect of any Voting Matter comprising any of the matters specified to be a Basic Terms Modification (which shall only be capable of being effected after having been approved by an Extraordinary Resolution) the initial quorum requirement is two or more Bondholders representing 75 per cent. or more of the aggregate Principal Amount Outstanding of the Bonds, who, for the time being are entitled to receive notice of such Voting Matter;
- (f) if the relevant quorum requirements are not satisfied on a Voting Date, then such Voting Date shall be postponed to the same day in the next week (or if such day is a public holiday, the next

succeeding business day) (an **Adjourned Voting Date**) except where an Extraordinary Resolution is to be proposed in which case the Adjourned Voting Date shall be a day (being a business day) during the period, being not less than seven clear days nor more than 14 clear days, subsequent to such Voting Date, and approved by the Bond Trustee. On any Adjourned Voting Date, Bondholders exercising one or more Votes shall (subject as provided below) form a quorum and shall have the power to pass any Extraordinary Resolution or Ordinary Resolution and to decide upon all matters which could properly have been dealt with through the original Vote had the requisite quorum requirements been met, provided that on any Adjourned Voting Date the extraordinary quorum requirements for the consideration and approval of business comprising any of the matters specified to be a Basic Terms Modification shall be two or more Bondholders representing 25 per cent. of the aggregate Principal Amount Outstanding of the Bonds, who for the time being are entitled to receive notice of such Voting Matter; and

- (g) notice of any Adjourned Voting Date at which an Extraordinary Resolution is to be voted upon shall be given in the same manner as a Voting Notice but the minimum notice period is only five clear days as opposed to 21 clear days. Subject as aforesaid it shall not be necessary to give any notice of an Adjourned Voting Date.

Subject to all other provisions of the Bond Trust Deed, the Bond Trustee may, without the consent of the Issuer, the Guarantors or the Bondholders, prescribe such further regulations regarding voting by the Bondholders in respect of such Voting Matters (but, not for the avoidance of doubt, in respect of any STID Proposal other than an Entrenched Right STID Proposal) as the Bond Trustee may in its sole discretion think fit, including the calling of one or more meetings of Bondholders (or any Tranche thereof) in order to approve any resolution to be put to the Bondholders (or any Tranche thereof) where the Bond Trustee, in its sole discretion, considers it to be appropriate to hold a meeting.

For so long as the Bonds are in the form of a Global Bond held on behalf of one or more of Euroclear, Clearstream, Luxembourg or another clearing system, then, in respect of an Extraordinary Resolution proposed by the Issuer or the Bond Trustee, where the terms of the proposed resolution have been notified to the Bondholders through the relevant clearing system(s), each of the Issuer and the Bond Trustee shall be entitled to rely upon approval of such resolution (in a form satisfactory to the Bond Trustee) proposed by the Issuer or the Bond Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders representing 75 per cent. or more of the aggregate Principal Amount Outstanding of the Bonds (**Electronic Consent**). Neither the Issuer nor the Bond Trustee shall be liable or responsible to anyone for such reliance. An Electronic Consent shall take effect as an Extraordinary Resolution. An Electronic Consent will be binding on all Bondholders and holders of Coupons, Talons and Receipts, whether or not they participated in such Electronic Consent. Where Electronic Consent is not being sought, an Extraordinary Resolution shall be passed in accordance with the other terms of the definition of Extraordinary Resolution and the Bond Trust Deed.

## **AGENCY AGREEMENT**

Pursuant to the Agency Agreement entered into on 10 December 2013 between the Issuer, the Guarantors, the Bond Trustee, the Registrar, the Principal Paying Agent, the Transfer Agent, the Exchange Agent and the Agent Bank, provision has been made for, among other things, payment of principal and interest in respect of the Bonds and the maintenance of a register of the holders of the Bonds. The Agency Agreement was amended on 27 February 2015 to accede Elenia Services as an Obligor and Guarantor under the Agency Agreement.

## **CP AGREEMENT**

The conditions precedent to, among other things, the signing of the CTA, the Initial Issue Date and the initial utilisation under the Initial Authorised Credit Facilities Agreement were set out in a conditions precedent agreement dated 16 December 2013 (the **CP Agreement**) and entered into between, among others, the Bond Trustee, the Security Trustee and the Obligors.

## **CASH MANAGEMENT AGREEMENT**

### **General**

Elenia Networks, Elenia Heat, Elenia Finance (SPPS), Elenia Holdings and the Parent, among others, appointed the Issuer as the Cash Manager pursuant to the Cash Management Agreement dated 10 December 2013. Pursuant to the Cash Management Agreement, the Cash Manager undertakes certain cash administration functions on behalf of Elenia Networks, Elenia Heat, Elenia Finance (SPPS), Elenia Holdings and the Parent. On 23 December 2014, Elenia Services acceded as an Obligor to the Cash Management Agreement.

### **Cash Management Functions**

As part of its duties under the Cash Management Agreement, the Cash Manager will, *inter alia*: (a) operate the relevant Obligor Accounts and effect payments to and from the relevant Obligor Accounts in accordance with the provisions of the relevant Finance Documents provided that such moneys are at the relevant time available to it; (b) invest funds not immediately required by the relevant Obligor in Cash Equivalent Investments in accordance with the provisions of the Cash Management Agreement; (c) make determinations and perform certain obligations on behalf of the relevant Obligor as set out in, and in accordance with, the provisions of the Liquidity Facility Agreement including directing the relevant Obligor to make drawings (or making drawings on behalf of the relevant Obligor) under the Liquidity Facility Agreement; and (d) carry out treasury management functions including the arrangement of Treasury Transactions in line with the Hedging Policy.

### **Liquidity Facility**

Allowing sufficient time to deliver any relevant LF Notice of Drawing, the Cash Manager shall determine the amount of any anticipated Issuer Liquidity Shortfall, Elenia Heat Liquidity Shortfall or Elenia Liquidity Shortfall (as applicable) on the next Payment Date after taking into account the balance standing to the credit of the Obligor Accounts (excluding any Liquidity Standby Accounts) which will be available to the Issuer, Elenia Heat or Elenia Networks on the next Payment Date. Any amounts standing to the credit of the relevant Debt Service Reserve Account (if any) will be applied to decrease the amount which would otherwise constitute an Issuer Liquidity Shortfall, Elenia Heat Liquidity Shortfall or an Elenia Liquidity Shortfall (as applicable) by applying such amount towards payment of items (i) to (vi) (inclusive) of the Pre-Enforcement Priority of Payments (excluding such items which are otherwise excluded from the calculation of the Issuer Liquidity Shortfall, Elenia Liquidity Shortfall or Elenia Heat Liquidity Shortfall (as applicable)). The Issuer, Elenia Heat or Elenia Networks (as applicable), or the Cash Manager on its behalf, will issue a notice of drawing to the liquidity facility agent under the Liquidity Facility Agreement to cover any such liquidity shortfall.

### **Pre-Enforcement Priority of Payments**

Prior to the delivery of an Acceleration Notice by the Security Trustee in accordance with the STID, amounts standing to the credit of the Obligor Accounts (subject to certain exceptions) will be applied by the Cash Manager (on behalf of the Obligors) in accordance with the pre-enforcement priority of payments waterfall as described in more detail in "*Cash flows– Pre-Enforcement Priority of Payments*".

## **Termination**

The Security Group Agent may terminate the appointment of the Cash Manager at any time with at least 30 days' prior notice. The appointment of the Cash Manager shall terminate forthwith: (a) if default is made by the Cash Manager in the performance or observance of any of its material covenants and material obligations under the Cash Management Agreement subject to the applicable grace period; (b) if any Insolvency Event occurs in relation to the Cash Manager; or (c) an Acceleration Notice is delivered, and the Security Group Agent (with prior written consent of the Security Trustee) or the Security Trustee itself shall appoint a Successor Cash Manager in its place, but without prejudice to any of the then existing rights and liabilities of the parties to the Cash Management Agreement.

Subject to certain conditions (including that a suitable successor Cash Manager has been installed), the Cash Manager is entitled to resign upon giving 30 days' written notice of termination to the Obligors and the Security Trustee.

## **ISSUER SECURITY DOCUMENT**

### **Issuer Finnish Pledge**

Pursuant to the Finnish law share pledge between the Issuer and the Security Trustee, the obligations set forth thereunder became effective on the Initial Issue Date. Under this Finnish law share pledge, the Issuer granted a security over its assets for the obligations and liabilities of the Issuer to any Secured Creditor under each Finance Document to which it is a party.

The security constituted by this pledge is expressed to include, among other things, security over:

- (a) each loan, advance, claim, receivable or outstanding amount (including, but not limited to claims resulting from any rights of recourse or subrogation) owing from time to time to the Issuer under any intra-group loan agreement, including, but not limited to intercompany receivables;
- (b) business mortgage notes evidencing the business mortgage registered on the Issuer's assets, including, without limitation, fixed and intangible assets, and working capital and liquid assets but excluding tax refunds; and
- (c) the Issuer's bank accounts together with all amounts standing to the credit from time to time in the bank accounts and any interest accrued thereon.

### **Issuer Luxembourg Share Pledge**

#### *General*

On the Initial Issue Date, the Issuer as Pledgor entered into a share pledge agreement with the Security Trustee for itself and for the account of the Secured Creditors in respect of its shares in Elenia Finance (SPPS), which is governed by Luxembourg law. Pursuant to that agreement, the Issuer granted to the Security Trustee a Luxembourg law governed first ranking pledge (*gage de premier rang*) over the Elenia Finance (SPPS) Share Pledged Assets (as defined below) in order to secure its obligations under the Finance Documents.

#### *Elenia Finance (SPPS) Share Pledged Assets*

The Elenia Finance (SPPS) Share Pledged Assets consist in any and all of the following:

- (a) (i) all the Issuer's present and future shares in Elenia Finance (SPPS) and (ii) all the Issuer's warrants, options and other rights to subscribe for, purchase or otherwise acquire any of those



shares, in each case now or in the future owned by it or (to the extent of its interest) in which it now or in the future has an interest (collectively, the **Elenia Finance (SPPS) Shares**);

- (b) in relation to any Elenia Finance (SPPS) Share, (i) all present and future dividends and distributions of any kind and any other sum received or receivable in respect of that Elenia Finance (SPPS) Share, (ii) rights, shares, money or other assets accruing or offered by way of redemption, substitution, exchange, bonus, option, preference or otherwise in respect of that Elenia Finance (SPPS) Share, (iii) allotments, offers and rights accruing or offered in respect of that Elenia Finance (SPPS) Share and (iv) other rights and assets attaching to, deriving from or exercisable by virtue of the ownership of, that Elenia Finance (SPPS) Share (collectively, the **Elenia Finance (SPPS) Dividends**); and
- (c) any assets from time to time subject, or expressed to be subject, to the Issuer Luxembourg Share Pledge or any part of those assets.

#### *Validity and Perfection*

In order for the first ranking security (*gage de premier rang*) over the Elenia Finance (SPPS) Share Pledged Assets and the proceeds thereof to be validly created in favour of the Security Trustee and the Secured Creditors, the Issuer Luxembourg Share Pledge will have to be registered in Elenia Finance (SPPS)'s register of the Elenia Finance (SPPS) Shares.

#### *Voting and Dividends before an Enforcement Period*

At any time prior to an Enforcement Period, subject to certain restrictions, the Issuer will be entitled (i) to exercise or direct the exercise of the voting and other rights attached to any Elenia Finance (SPPS) Share owned by it and (ii) to receive and retain any Elenia Finance (SPPS) Dividends and other payments in respect of the Elenia Finance (SPPS) Share Pledged Assets.

#### *Limitation on Realisation*

The Security Trustee will realise the Elenia Finance (SPPS) Share Pledged Assets only to the extent necessary to recover the Secured Liabilities that are then due and owing. Any excess proceeds will be held by the Security Trustee as collateral for its obligations under the Finance Documents that would become due in the future, if any.

#### *Order of Distributions*

All amounts received or recovered by the Security Trustee in the exercise of its rights under the Issuer Luxembourg Share Pledge will, subject to the rights of any creditors having priority, be applied in accordance with the relevant provisions of the STID.

### **ISSUER HEDGING AGREEMENTS**

The Issuer may enter into various interest rate, inflation-linked and currency swap transactions with the Issuer Hedge Counterparties in conformity with the Hedging Policy (see "*Summary of the Common Documents – Common Terms Agreement – Hedging Policy*").

## CASH FLOWS

*The following sets out the various priorities of payment as included in the respective Finance Documents or Issuer Transaction Documents, as more fully summarised in "Summary of the Common Documents", "Summary of the Finance Documents", "Summary of the Credit and Liquidity Support Documents" and "Summary of the Issuer Transaction Documents" above.*

### **Pre-Enforcement Priority of Payments**

Prior to the delivery of an Acceleration Notice, payments to Secured Creditors will be made on each Payment Date (or in the case of subparagraphs (i) and (a)(ii) below, on any day on which such amounts are due and payable) out of monies standing to the credit of the Operating Account held by Elenia Networks, Elenia Heat or the Issuer (as applicable) (with such account to be considered as one for the purposes of the payment priorities only) in the following order, without double counting (the **Pre-Enforcement Priority of Payments**):

- (a) first, *pro rata* and *pari passu*, according to the respective amounts thereof in or towards satisfaction of the fees, costs, charges, liabilities, expenses and other remuneration and indemnity payments (if any) and any other amounts payable by any Obligor to:
  - (i) the Security Trustee or any Receiver under any Finance Document; and
  - (ii) the Bond Trustee under any Finance Document;
- (b) secondly, *pro rata* and *pari passu*, according to the respective amounts thereof in or towards satisfaction of the fees, costs, charges, liabilities, expenses and other remuneration and indemnity payments (if any) and any other amounts payable by any Obligor to:
  - (i) the Account Bank under the Account Bank Agreement;
  - (ii) the Agents under the Agency Agreement or a Calculation Agency Agreement;
  - (iii) the Issuer Corporate Services Provider under the Issuer Corporate Services Agreement; and
  - (iv) the Standstill Cash Manager;
- (c) thirdly, *pro rata* and *pari passu*, according to the respective amounts thereof:
  - (i) all amounts due by an Obligor to any Liquidity Facility Provider and any Liquidity Facility Agent and arranger under any Liquidity Facility Agreement, in each case other than in respect of any Subordinated Liquidity Payments; and
  - (ii) the fees, other remuneration, indemnity payments, costs, charges and expenses of each Facility Agent under each Authorised Credit Facility;
- (d) fourthly, *pro rata* and *pari passu*, according to the respective amounts thereof:
  - (i) scheduled payments, termination payments and accretion or other pay as you go payments to each Borrower Hedge Counterparty under any Super Senior Borrower Hedging Agreement between Elenia Networks and a Borrower Hedge Counterparty (other than amounts in respect of Borrower Subordinated Hedge Amounts);

- (ii) scheduled payments, termination payments and accretion or other pay as you go payments to each Issuer Hedge Counterparty under any Super Senior Issuer Hedging Agreement between the Issuer and an Issuer Hedge Counterparty (other than in respect of Issuer Subordinated Hedge Amounts);
- (e) fifthly, *pro rata* and *pari passu*, according to the respective amounts thereof, in or towards satisfaction of:
  - (i) accrued but unpaid interest, underwriting and commitment commissions payable under the Authorised Credit Facilities (other than the Hedging Agreements and the Liquidity Facility);
  - (ii) other unscheduled amounts which are payable to each Borrower Hedge Counterparty under any Super Senior Borrower Hedging Agreement between Elenia Networks and a Borrower Hedge Counterparty (other than amounts payable in accordance with the foregoing provisions including any termination amounts or in respect of Borrower Subordinated Hedge Amounts);
  - (iii) other unscheduled amounts payable by the Issuer to each Issuer Hedge Counterparty under any Super Senior Issuer Hedging Agreement between the Issuer and an Issuer Hedge Counterparty (other than amounts payable in accordance with the foregoing provisions including any termination amounts or in respect of Issuer Subordinated Hedge Amounts);
  - (iv) all scheduled amounts (other than principal exchange amounts, termination payments, final payments on cross-currency swaps, accretion and other pay as you go payments) payable to each Borrower Hedge Counterparty under any Pari Passu Borrower Hedging Agreement (other than amounts in respect of Borrower Subordinated Hedge Amounts); and
  - (v) all scheduled amounts (other than principal exchange amounts, termination payments, final payments on cross-currency swaps, accretion and other pay as you go payments) payable to each Issuer Hedge Counterparty under any Pari Passu Issuer Hedging Agreement (other than in respect of Issuer Subordinated Hedge Amounts);
- (f) sixthly, *pro rata* and *pari passu*, according to the respective amounts thereof in or towards satisfaction of:
  - (i) principal outstanding which is due and payable under the Authorised Credit Facilities (other than the Hedging Agreements and the Liquidity Facility);
  - (ii) all scheduled principal exchange amounts, termination payments, final payments on cross-currency swaps, accretion and other pay as you go payments or other unscheduled sums due and payable by Elenia Networks to each Borrower Hedge Counterparty under any Pari Passu Borrower Hedging Agreement (other than Borrower Subordinated Hedge Amounts); and
  - (iii) all scheduled principal exchange amounts, termination payments, final payments on cross-currency swaps, accretion and other pay as you go payments or other unscheduled sums payable by the Issuer to each Issuer Hedge Counterparty under any Pari Passu Issuer Hedging Agreement (other than in respect of Issuer Subordinated Hedge Amounts);

- (g) seventhly, in or towards satisfaction of amounts in respect of any Make-Whole Amount due and payable on the Bonds (if any) or the PP Notes (if any);
- (h) eighthly, *pro rata* and *pari passu* towards Subordinated Liquidity Payments due under the Liquidity Facility Agreement; and
- (i) ninthly, *pro rata* and *pari passu*, according to the respective amounts thereof:
  - (i) any Issuer Subordinated Hedge Amounts due or overdue by the Issuer to an Issuer Hedge Counterparty; and
  - (ii) any Borrower Subordinated Hedge Amounts due or overdue to a Borrower Hedge Counterparty.

### **Post-Enforcement Priority of Payments**

Pursuant to Clause 22.4 (Post-Enforcement Priority of Payments) of the STID, all Available Enforcement Proceeds (other than any Defeasance Amounts, which shall be applied in repayment of the Authorised Credit Facility to which a Defeasance Account in question relates) shall, following the delivery of an Acceleration Notice by the Security Trustee, be applied (to the extent that it is lawfully able to do so) by or on behalf of the Security Trustee (or, as the case may be, any Receiver), in accordance with the following **Post-Enforcement Priority of Payments** (including in each case any amount of or in respect of VAT) as set out below, without double counting:

- (a) first, *pro rata* and *pari passu*, according to the respective amounts thereof in or towards satisfaction of the fees, costs, charges, liabilities, expenses and other remuneration and indemnity payments (if any) and any other amounts payable by any Obligor to:
  - (i) the Security Trustee or any Receiver under any Finance Document; and
  - (ii) the Bond Trustee under any Finance Document;
- (b) secondly, *pro rata* and *pari passu*, according to the respective amounts thereof in or towards satisfaction of the fees, costs, charges, liabilities, expenses and other remuneration and indemnity payments (if any) and any other amounts payable by any Obligor to:
  - (i) the Account Bank under the Account Bank Agreement;
  - (ii) the Agents under the Agency Agreement or a Calculation Agency Agreement;
  - (iii) the Issuer Corporate Services Provider under the Issuer Corporate Services Agreement; and
  - (iv) the Standstill Cash Manager;
- (c) thirdly, *pro rata* and *pari passu*, according to the respective amounts thereof:
  - (i) all amounts due by an Obligor to any Liquidity Facility Provider and any Liquidity Facility Agent and arranger under any Liquidity Facility Agreement, in each case other than in respect of any Subordinated Liquidity Payments; and
  - (ii) the fees, other remuneration, indemnity payments, costs, charges and expenses of each Facility Agent under each Authorised Credit Facility;
- (d) fourthly, *pro rata* and *pari passu*, according to the respective amounts thereof:

- (i) all scheduled amounts, termination payments and accretion or other pay as you go payments payable to each Borrower Hedge Counterparty under any Super Senior Borrower Hedging Agreement between Elenia Networks and a Borrower Hedge Counterparty (other than amounts in respect of Borrower Subordinated Hedge Amounts); and
  - (ii) all scheduled amounts, termination payments and accretion or other pay as you go payments payable by the Issuer to each Issuer Hedge Counterparty under any Super Senior Issuer Hedging Agreement between the Issuer and an Issuer Hedge Counterparty (other than in respect of Issuer Subordinated Hedge Amounts);
- (e) fifthly, *pro rata* and *pari passu*, according to the respective amounts thereof, in or towards satisfaction of:
  - (i) all amounts of interest, underwriting and commitment commissions payable under any other Authorised Credit Facility;
  - (ii) other unscheduled amounts which are payable to each Borrower Hedge Counterparty under any Super Senior Borrower Hedging Agreement between Elenia Networks and a Borrower Hedge Counterparty (other than amounts payable in accordance with the foregoing provisions including any termination amounts or in respect of Borrower Subordinated Hedge Amounts);
  - (iii) other unscheduled amounts payable by the Issuer to each Issuer Hedge Counterparty under any Super Senior Issuer Hedging Agreement between the Issuer and an Issuer Hedge Counterparty (other than amounts payable in accordance with the foregoing provisions including any termination amounts or in respect of Issuer Subordinated Hedge Amounts);
  - (iv) all scheduled amounts (other than principal exchange amounts, termination payments, final payments on cross-currency swaps, accretion and other pay as you go payments) payable to each Borrower Hedge Counterparty under any Pari Passu Borrower Hedging Agreement (other than amounts payable in accordance with the foregoing provisions or in respect of Borrower Subordinated Hedge Amounts); and
  - (v) all scheduled amounts (other than principal exchange amounts, termination payments, final payments on cross-currency swaps, accretion and other pay as you go payments) payable to each Issuer Hedge Counterparty under any Pari Passu Issuer Hedging Agreement (other than amounts payable in accordance with the foregoing provisions or in respect of Issuer Subordinated Hedge Amounts);
- (f) sixthly, *pro rata* and *pari passu*, according to the respective amounts thereof, in each case without double counting, in or towards satisfaction of:
  - (i) all amounts of principal due or overdue in respect of Secured Debt outstanding under any other Authorised Credit Facility;
  - (ii) all scheduled principal exchange amounts, termination payments, final payments on cross-currency swaps, accretion and other pay as you go payments or other unscheduled sums due and payable by Elenia Networks to each Borrower Hedge Counterparty under any Pari Passu Borrower Hedging Agreement (other than Borrower Subordinated Hedge Amounts); and

- (iii) all scheduled principal exchange amounts, termination payments, final payments on cross-currency swaps, accretion and other pay as you go payments or other unscheduled sums payable by the Issuer to each Issuer Hedge Counterparty under any Pari Passu Issuer Hedging Agreement (other than in respect of Issuer Subordinated Hedge Amounts);
- (g) seventhly, in or towards satisfaction of amounts in respect of any Make-Whole Amount due and payable on the Bonds (if any) or the PP Notes (if any);
- (h) eighthly, *pro rata* and *pari passu* towards Subordinated Liquidity Payments due under any Liquidity Facility Agreement;
- (i) ninthly, *pro rata* and *pari passu*, according to the respective amounts thereof:
  - (i) any Issuer Subordinated Hedge Amounts due or overdue by the Issuer to an Issuer Hedge Counterparty; and
  - (ii) any Borrower Subordinated Hedge Amounts due or overdue to a Borrower Hedge Counterparty; and
- (j) tenthly, any surplus (if any) shall be available to each Obligor entitled thereto to deal with as it sees fit.

## THE ISSUER

The Issuer was incorporated and registered in Finland on 21 November 2013 (with registered number 2584057-5) as a public limited liability company (*oyj*) under the Finnish Companies Act (statute 624/2006, as amended). The registered office of the Issuer is Televisiokatu 4 A, FI-00240 Helsinki, Finland and its telephone number is +358 20 586 11. The memorandum of incorporation and articles of association of the Issuer may be inspected at the registered office of the Issuer.

### Principal Activities

The Issuer is organised by Elenia Networks for the purpose of: (i) facilitating financing and other matters contemplated by the Finance Documents; and (ii) providing: (A) the services under the Cash Management Agreement to Elenia Networks; and (B) other services to other Obligor(s) on a normal commercial basis, as agreed from time to time between such Obligor(s) and the Issuer. The Issuer is, and is obliged to remain, resident in Finland for Finnish tax purposes.

The Issuer entered into the Issuer Transaction Documents to which it is party for the purpose of making a profit.

The Issuer does not own or operate any of the operating assets of the group. Consequently, the ability of the Issuer to meet its financial obligations is dependent on the receipt of a group contribution or other equity injection from Elenia Networks and/or drawings under the Elenia Loan Agreement or the Elenia Heat Loan Agreement.

### Directors

The directors of the Issuer and their respective business addresses and principal activities are set out below.

<i>Name</i>	<i>Business Address</i>	<i>Principal Activities</i>
Tapani Liuhala	Televisiokatu 4 A, FI-00240 Helsinki, Finland	Chairman of the Board of Directors
Timo Talvitie	Televisiokatu 4 A, FI-00240 Helsinki, Finland	Independent Director of the Issuer Director of: Intertrust (Finland) Oy, Ascensia Diabetes Care Finland Oy, Digiteam Oy, Eurus Energy Finland Oy, Hansaten Oy, Järvenpään Helsinginportti Koy, Kahon 2 Oy, Kirkkonummen Pankkitalo Koy, Nordialine Oy, Nordpoli Oy, Optifor Oy, Optivan Oy, Previto Oy, Priote Oy, Prorock Oy, Scantor Oy, Sevite Oy, Tayko Projects Oy and Treasury Wine Estates Finland Oy.
Tommi Valento	Televisiokatu 4 A, FI-00240 Helsinki, Finland	<i>Director of the Issuer</i> <i>Director of Debt Capital Advisors Oy</i>

None of the directors of the Issuer has any actual or potential conflict between its duties to the company and its private interests or other duties as listed above.

It is a term of the Finance Documents that at least one independent director (initially being Timo Talvitie) is appointed to the Board of Directors of the Issuer.

### **Management and Control**

The Issuer is managed and controlled in Finland.

### **Share Capital**

The Issuer is a wholly owned subsidiary of Elenia Networks and its issued share capital is €80,000, divided into 100 shares. The share capital of the Issuer is fully paid as at the date of this Prospectus. Since the date of incorporation, no option to acquire shares has been issued or authorised. Since its incorporation up to the date of this Prospectus, the Issuer has not paid any dividends.

### **Auditors**

The auditors of the Issuer are Ernst & Young Oy with a registered office at Alvar Aallon katu 5 C, FI-00100 Helsinki, Finland.

Ernst & Young Oy is a registered auditor and is authorised by the Central Chamber of Commerce to practice in Finland. Ernst & Young Oy has audited the Issuer's accounts, without qualification, in accordance with generally accepted auditing standards in Finland for each of the financial periods ended on 31 December 2013 and 31 December 2014.



## **ELENIA NETWORKS**

Elenia Oy (**Elenia Networks**) was incorporated under the laws of Finland and registered in Finland as a private limited liability company with number 2445423-4. Elenia Networks' registered office is at Patamäenkatu 7, FI-33900 Tampere, Finland and its telephone number is +358 20586 11. The constitutional documents of Elenia Networks may be inspected at the registered office of Elenia Networks. For further history on Elenia Networks, please see "*Selected Financial Overview – Company History*" above.

### **Directors and Company Secretary**

The Directors and Executive Management of Elenia Networks and their principal activities are set out under "*Business of Elenia – Management Team*".

The business addresses of the members of the Board of Directors and the Executive Management is Patamäenkatu 7, FI-33900 Tampere, Finland. None of the directors of Elenia Networks or any member of the Executive Management of Elenia Networks has any actual or potential conflict between its duties to the company and its private interests or other duties.

### **Principal Activities**

Elenia Networks was established as a private limited company and its principal activity is the transmission and distribution of electricity. For a detailed description of the principal activities of Elenia Networks, see "*Business of Elenia*" above.

### **Management and Control**

Elenia Networks is managed and controlled in Finland.

### **Share Capital**

Elenia Networks is a wholly owned subsidiary of Elenia Holdings. The issued share capital of Elenia Networks is €2,500, comprising 100 shares. The share capital of Elenia Networks is fully paid at the date of this Prospectus.

### **Auditors**

The auditors of Elenia Networks are Ernst & Young Oy with a registered office at Alvar Aallon katu 5 C, FI-00100 Helsinki, Finland. Ernst & Young Oy is an authorised public accountant and registered auditor and is authorised by the Central Chamber of Commerce to practise in Finland. Ernst & Young Oy has audited Elenia Networks' accounts, without qualification, in accordance with generally accepted auditing standards in Finland for each of the financial periods ended on 31 December 2013 and 31 December 2014.

## **ELENIA HEAT**

Elenia Lämpö Oy (**Elenia Heat**) is incorporated under the laws of Finland and registered in Finland as a private limited liability company with number 0991064-1. Elenia Heat's registered office is at Vankanlähde 7, FI-13100 Hämeenlinna, Finland and its telephone number is +358 20 586 11. The constitutional documents of Elenia Heat may be inspected at the registered office of Elenia Heat. For further history on Elenia Heat, please see "*Selected Financial Overview – Company History*" above.

### **Directors and Company Secretary**

The Directors and the Executive Management of Elenia Heat and their principal activities are set out under "*Business of Elenia – Management Team*".

The business addresses of the members of the Board of Directors and the Executive Management is Vankanlähde 7, FI-13100 Hämeenlinna, Finland.

None of the directors of Elenia Heat or any member of the Executive Management of Elenia Heat has any actual or potential conflict between its duties to the company and its private interests or other duties.

### **Principal Activities**

Elenia Heat was established as a private limited company and its principal activities are the production and distribution of district heat.

### **Management and Control**

Elenia Heat is managed and controlled in Finland.

### **Share Capital**

Elenia Heat is a wholly owned subsidiary of Elenia Networks and its issued share capital is €55,000, divided into 100 shares. The share capital of Elenia Heat is fully paid as at the date of this Prospectus.

### **Auditors**

The auditors of Elenia Heat are Ernst & Young Oy with a registered office at Alvar Aallon katu 5 C, FI-00100 Helsinki, Finland.

Ernst & Young Oy is an authorised public accountant and registered auditor and is authorised by the Central Chamber of Commerce to practise in Finland. Ernst & Young Oy has audited Elenia Heat's accounts, without qualification, in accordance with the generally accepted auditing standards in Finland for each of the financial periods ended on 31 December 2013 and 31 December 2014.

## **ELENIA SERVICES**

Elenia Palvelut Oy (**Elenia Services**) is incorporated under the laws of Finland and registered in Finland as a private limited liability company with number 2658611-8. Elenia Services was registered on 10 December 2014. Elenia Service's registered office is at Patamäenkatu 7, FI-33900 Tampere, Finland and its telephone number is +358 20586 11. The constitutional documents of Elenia Services may be inspected at the registered office of Elenia Services.

By way of a business transfer which became effective from 1 January 2015 (the **Elenia Services Business Transfer**), the customer service business of Elenia Networks was incorporated into Elenia Services.

### **Directors and Company Secretary**

The Directors and the Executive Management of Elenia Services and their principal activities are set out under "*Business of Elenia – Management Team*".

The business addresses of the members of the Board of Directors and the Executive Management is at Patamäenkatu 7, FI-33900 Tampere, Finland.

None of the directors of Elenia Services or any member of the Executive Management of Elenia Services has any actual or potential conflict between its duties to the company and its private interests or other duties.

### **Principal Activities**

Elenia Services was established as a private limited company and its principal activities are the provision of customer services to Elenia Group, such as frontline customer service, end customer invoicing and payment surveillance as well as electricity market message exchange. Until the end of 2015, Elenia Services has provided transitional customer services to Vattenfall Oy and will continue providing certain customer services to Vattenfall Oy also during the first half of 2016. Elenia Services may also offer energy and utility business related customer services to other third parties from time to time. Elenia Services began its operations following the Elenia Services Business Transfer on 1 January 2015.

### **Management and Control**

Elenia Services is managed and controlled in Finland.

### **Share Capital**

Elenia Services is a wholly owned subsidiary of Elenia Networks and its issued share capital, as at the date of this Prospectus, is €2,500, divided into 200 shares. The share capital of Elenia Services is fully paid as at the date of this Prospectus.

### **Auditors**

The auditors of Elenia Services are Ernst & Young Oy with a registered office at Alvar Aallon katu 5 C, FI-00100 Helsinki, Finland.

Ernst & Young Oy is an authorised public accountant and registered auditor and is authorised by the Central Chamber of Commerce to practise in Finland.

## ELENIA HOLDINGS

### General

Elenia Holdings S.à r.l. (**Elenia Holdings**) is a private limited liability company (*société à responsabilité limitée*) incorporated in the Grand Duchy of Luxembourg with unlimited duration on 13 November 2013 and registered with the Luxembourg trade and companies register under number B 181773.

The articles of incorporation of Elenia Holdings (the **Elenia Holdings Articles**) were published in the *Mémorial, Recueil des Sociétés et Associations* on 6 January 2014. The Elenia Holdings Articles were amended on 13 December 2013 in order to reflect a change to the share capital clause to further increase Elenia Holdings' share capital in Elenia Holdings. The notarial deed reflecting the share capital increase and amendment of the Elenia Holdings Articles was published in the *Mémorial, Recueil des Sociétés et Associations* on 18 April 2014.

The registered office of Elenia Holdings is at 2 rue du Fossé, L-1536 Luxembourg. The telephone number of Elenia Holdings is +352 264 792 and the fax number of Elenia Holdings is +352 264 79260.

The subscribed share capital of Elenia Holdings is €14,000 divided into 1,400,000 ordinary shares with a par value of €0.01 each (the **Elenia Holdings Shares**), all of which are fully paid. Currently, Lakeside Network Investments Holding B.V. holds 1,250,000 of Elenia Holdings Shares and Elenia Finance (SPPS) S.à r.l. holds 150,000 of Elenia Holdings Shares.

### Principal Activities

The principal activities of Elenia Holdings are those which are set out in Elenia Holdings' corporate object clause, provided in Article 2 of the Elenia Holdings Articles, which is as follows:

“Elenia Holdings' object is the acquisition of participations, in Luxembourg or abroad, in any company or enterprise in any form whatsoever, and the management of those participations. Elenia Holdings may in particular acquire, by subscription, purchase and exchange or in any other manner, any stock, shares and other participation securities, bonds, debentures, certificates of deposit and other debt instruments and, more generally, any securities and financial instruments issued by any public or private entity. It may participate in the creation, development, management and control of any company or enterprise. Further, it may invest in the acquisition and management of a portfolio of patents or other intellectual property rights of any nature or origin. Elenia Holdings may use any techniques, legal means and instruments to manage its investments efficiently and protect itself against credit risks, currency exchange exposure, interest rate risks and other risks.

Elenia Holdings may in particular advance, lend or deposit money or give credit, in any form whatsoever, to or with or to subscribe to or purchase any debt instrument issued by any Luxembourg or foreign entity on such terms as may be thought fit and with or without security. It may also issue guarantees or grant security in favour of third parties to guarantee the obligations of affiliate companies as well as non-affiliate companies. In addition to the foregoing, Elenia Holdings can perform all legal, commercial, technical and financial investments or operation and in general, all transactions which are necessary or useful to fulfil its objects as well as all operations connected directly or indirectly to facilitating the accomplishment of its purpose in all areas described above. Elenia Holdings shall not enter into any transaction, which would cause it to be engaged in any activity that would be considered as a regulated activity of the financial sector.

Elenia Holdings may borrow in any form (provided that it cannot offer its securities to the public). It may enter into any type of loan agreement and may issue notes, bonds, debentures, certificates, shares, beneficiary parts, warrants and any kind of debt or equity securities including under one or more issue

programmes. Elenia Holdings may lend funds including the proceeds of any borrowings and/or issues of securities to its subsidiaries, affiliated companies or to any other company.”

Elenia Holdings does not own or operate any of the operating assets of the group. Consequently, the ability of Elenia Holdings to meet its financial obligations is dependent on the receipt of dividends from Elenia Networks and subscription by Elenia Finance (SPPS) for SPPS issued by Elenia Holdings.

### **Administration, Management and Supervisory Bodies**

The managers of Elenia Holdings are as follows:

<i>Manager</i>	<i>Business Address</i>	<i>Principal Outside Activities</i>
Yvanna Essomba	2 rue du Fossé, L-1536 Luxembourg	Finance Manager at GS Lux Management Services S.à r.l.
Antoine Clauzel	11, rue Plaetis, L-2338 Luxembourg	Director at 3i Luxembourg
Marielle Stijger	2 rue du Fossé, L-1536 Luxembourg	Managing Director at GS Lux Management Services S.à r.l.

No corporate governance regime to which Elenia Holdings would be subject exists in Luxembourg as at the date of this Prospectus.

None of the managers of Elenia Holdings has any actual or potential conflict between its duties to the company and its private interests or other duties.

### **Financial Statements**

The financial year of Elenia Holdings is the calendar year (save that the first financial year was from the date of incorporation to 31 December 2013).

In accordance with article 197 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended, the managers of Elenia Holdings are obliged to prepare each year, *inter alia*, an inventory of the assets and liabilities of Elenia Holdings, the balance sheet and the profit and loss account. Such inventory, balance sheet and profit and loss account must be submitted to the shareholder(s) of Elenia Holdings for approval within 6 months from the end of the financial year and, after approval, it must be filed with the Luxembourg register of commerce and companies and a notice of filing is published in the *Mémorial, Recueil des Sociétés et Associations*.

Elenia Holdings' first inventory, balance sheet and profit and loss account was prepared in respect of the financial year ended on 31 December 2013.

Subject to the below, Elenia Holdings has no obligation to have its financial statements audited.

### **Statutory Auditor/External Auditor**

In accordance with article 200 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended, Elenia Holdings is not required to be audited by a statutory auditor (*commissaire aux comptes*) for as long as it has 25 or fewer shareholders. Elenia Holdings is not required to appoint an external auditor (*réviseur d'entreprises agréé*) for as long as it benefits from the exemption provided by article 69(2) of the Luxembourg act dated 19 December 2002 on the trade and companies register and on the accounting and financial accounts of companies, as amended.

## ELENIA FINANCE (SPPS)

### General

Elenia Finance (SPPS) S.à r.l. (**Elenia Finance (SPPS)**) is a private limited liability company (*société à responsabilité limitée*) incorporated in the Grand Duchy of Luxembourg with unlimited duration on 13 November 2013 and registered with the Luxembourg trade and companies register under number B 181775.

The articles of incorporation of Elenia Finance (SPPS) (the **Elenia Finance (SPPS) Articles**) have been published in the *Mémorial, Recueil des Sociétés et Associations* on 6 January 2014. The Finance (SPPS) Articles were amended on the Initial Issue Date in order to reflect a change to the share capital clause further to an increase of Elenia Finance (SPPS)' share capital. The notarial deed reflecting the share capital increase and amendment of the articles was published in the *Mémorial, Recueil des Sociétés et Associations* on 15 April 2014.

The registered office of Elenia Finance (SPPS) is at 2 rue du Fossé, L-1536 Luxembourg. The telephone number of Elenia Finance (SPPS) is +352 264 792 and the fax number of Elenia Finance (SPPS) is +352 264 79260.

The subscribed share capital of Elenia Finance (SPPS) is EUR64,745,300 divided into 6,474,530,000 ordinary shares with a par value of €0.01 each (the **Elenia Finance (SPPS) Shares**), all of which are fully paid. All the issued Elenia Finance (SPPS) Shares are held by the Issuer.

### Principal Activities of Elenia Finance (SPPS)

The principal activities of Elenia Finance (SPPS) are those which are set out in Elenia Finance (SPPS)'s corporate object clause, provided in Article 2 of the Elenia Finance (SPPS) Articles, which is as follows:

“Elenia Finance (SPPS)'s object is the acquisition of participations, in Luxembourg or abroad, in any company or enterprise in any form whatsoever, and the management of those participations. Elenia Finance (SPPS) may in particular acquire, by subscription, purchase and exchange or in any other manner, any stock, shares and other participation securities, bonds, debentures, certificates of deposit and other debt instruments and, more generally, any securities and financial instruments issued by any public or private entity. It may participate in the creation, development, management and control of any company or enterprise. Further, it may invest in the acquisition and management of a portfolio of patents or other intellectual property rights of any nature or origin. Elenia Finance (SPPS) may use any techniques, legal means and instruments to manage its investments efficiently and protect itself against credit risks, currency exchange exposure, interest rate risks and other risks.

Elenia Finance (SPPS) may in particular advance, lend or deposit money or give credit, in any form whatsoever, to or with or to subscribe to or purchase any debt instrument issued by any Luxembourg or foreign entity on such terms as may be thought fit and with or without security. It may also issue guarantees or grant security in favour of third parties to guarantee the obligations of affiliate companies as well as non-affiliate companies. In addition to the foregoing, Elenia Finance (SPPS) can perform all legal, commercial, technical and financial investments or operation and in general, all transactions which are necessary or useful to fulfil its objects as well as all operations connected directly or indirectly to facilitating the accomplishment of its purpose in all areas described above. Elenia Finance (SPPS) shall not enter into any transaction which would cause it to be engaged in any activity that would be considered as a regulated activity of the financial sector.

Elenia Finance (SPPS) may borrow in any form (provided that it cannot offer its securities to the public). It may enter into any type of loan agreement and it may issue notes, bonds, debentures, certificates,

shares, beneficiary parts, warrants and any kind of debt or equity securities including under one or more issue programmes. Elenia Finance (SPPS) may lend funds including the proceeds of any borrowings and/or issues of securities to its subsidiaries, affiliated companies or to any other company.”

Elenia Finance (SPPS) does not own or operate any of the operating assets of the group. Consequently, the ability of Elenia Finance (SPPS) to meet its financial obligations is dependent on the receipt of dividends from Elenia Holdings or the subscription by the Issuer for additional shares in or informal capital contribution to Elenia Finance (SPPS).

### **Administration, Management and Supervisory Bodies**

The managers of Elenia Finance (SPPS) are as follows:

<i>Manager</i>	<i>Business Address</i>	<i>Principal Outside Activities</i>
Yvanna Essomba	2 rue du Fossé, L-1536 Luxembourg	Finance Manager at GS Lux Management Services S.à r.l.
Antoine Clauzel	11, rue Plaetis, L-2338 Luxembourg	Director at 3i Luxembourg
Marielle Stijger	2 rue du Fossé, L-1536 Luxembourg	Managing Director at GS Lux Management Services S.à r.l.

No corporate governance regime to which Elenia Finance (SPPS) would be subject exists in Luxembourg as at the date of this Prospectus.

None of the managers of Elenia Finance (SPPS) has any actual or potential conflict between its duties to the company and its private interests or other duties.

### **Financial Statements**

The financial year of Elenia Finance (SPPS) is the calendar year (save that the first financial year was from the date of incorporation to 31 December 2014).

In accordance with article 197 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended, the managers of Elenia Finance (SPPS) are obliged to prepare each year, *inter alia*, an inventory of the assets and liabilities of Elenia Finance (SPPS), the balance sheet and the profit and loss account. Such inventory, balance sheet and profit and loss account must be submitted to the shareholder(s) of Elenia Finance (SPPS) for approval within 6 months from the end of the financial year and after approval, it must be filed with the Luxembourg register of commerce and companies and a notice of filing is published in the *Mémorial, Recueil des Sociétés et Associations*.

Elenia Finance (SPPS)'s first inventory, balance sheet and profit and loss account was prepared in respect of the financial year ended on 31 December 2014.

Subject to the below, Elenia Finance (SPPS) has no obligation to have its financial statements audited.

### **Statutory Auditor/External Auditor**

In accordance with article 200 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended, Elenia Finance (SPPS) is not required to be audited by a statutory auditor (*commissaire aux comptes*) for as long as it has 25 or fewer shareholders. Elenia Finance (SPPS) is not required to appoint



an external auditor (*réviseur d'entreprises agréé*) for as long as it benefits from the exemption provided by article 69(2) of the Luxembourg act dated 19 December 2002 on the trade and companies register and on the accounting and financial accounts of companies, as amended.

## THE PARENT

Lakeside Network Investments Holding B.V. (the **Parent**) was incorporated and registered in The Netherlands on 14 July 2011 (with registered number 53150309) as a private limited company under the laws of The Netherlands under the name Maleta B.V. It changed its name from Maleta B.V. to Lakeside Network Investments Holding B.V. on 23 November 2011. The registered office of the Parent is Naritaweg 165, Telestone 8, 1043BW, Amsterdam, The Netherlands, statutory seat in Amsterdam and its telephone number is +312 057 22300. The memorandum and articles of association of the Parent may be inspected at the registered office of the Parent.

### Principal Activities

The Parent is organised as a special purpose company for the purpose of holding an equity interest in Elenia Holdings. The Parent is, and is obliged to remain, resident in the Netherlands for Dutch tax purposes.

The Parent does not own or operate any of the operating assets of the group. Consequently, the ability of the Parent to meet its financial obligations is dependent on the receipt of dividends from Elenia Holdings.

### Directors

The directors of the Parent and their respective business addresses and principal activities are set out below.

<i>Name</i>	<i>Business Address</i>	<i>Principal Activities</i>
Dennis Cornelis Kulk	Naritaweg 165, Telestone 8, 1043BW, Amsterdam, the Netherlands	Director
Trust International Management (T.I.M.) B.V.	Naritaweg 165, Telestone 8, 1043BW, Amsterdam, the Netherlands	Director
Michael Furth	Naritaweg 165, Telestone 8, 1043BW, Amsterdam, the Netherlands	Director

None of the directors of the Parent has any actual or potential conflict between their duties to the Parent and their private interests or other duties as listed above.

### Management and Control

The Parent is managed and controlled in the Netherlands.

### Share Capital

The Parent is a wholly owned subsidiary of Lakeside Network Investments s.á.r.l. and its issued share capital is €18,000, divided into 1,800,000 A shares of €0.01 each. The share capital of the Parent is fully paid as at the date of this Prospectus. Since the date of incorporation, no option to acquire shares has been issued or authorised.

### Auditors

The auditors of the Parent are Ernst & Young with a registered office at Zwolle, The Netherlands.

Ernst & Young is a registered auditor and is authorised by and is a member of Nederlandse Beroepsorganisatie voor Accountants and entitled to practise in the Netherlands. Ernst & Young have audited the Parent's accounts, without qualification, in accordance with generally accepted auditing standards in the Netherlands for the financial years ended on 31 December 2014 and 31 December 2015.

## TERMS AND CONDITIONS OF THE BONDS

References herein to the **Bonds** shall be references to the Bonds of a Tranche and shall mean:

- (a) in relation to a Global Bond, units of each Specified Denomination in the Specified Currency;
- (b) any Global Bond;
- (c) any Bearer Bonds issued in exchange for a Global Bond in bearer form; and
- (d) Registered Bonds (whether or not issued in definitive form and whether or not in exchange for a Global Bond in registered form).

Elenia Finance Oyj (the **Issuer**) has established a bond programme (the **Programme**) for the issuance of bonds (the **Bonds**). Bonds issued under the Programme on a particular Issue Date comprise a Tranche (each, a **Tranche**) in an aggregate nominal amount from time to time outstanding not exceeding the Programme Limit.

Each Tranche of Bonds may be denominated in different currencies or have different interest rates, maturity dates or other terms. Bonds of any Tranche may be zero coupon (**Zero Coupon Bonds**), fixed rate (**Fixed Rate Bonds**), floating rate (**Floating Rate Bonds**), index-linked (**Index-Linked Bonds**) or instalment (**Instalment Bonds**) depending on the method of calculating interest payable in respect of such Bonds and may be denominated in Sterling, Euro, U.S. dollars or in other currencies subject to compliance with applicable law or regulation.

The terms and conditions applicable to the Bonds are these terms and conditions (the **Conditions**) as may be completed by Part A of a set of final terms, in relation to each Tranche (**Final Terms**) or Part A of a pricing supplement, in relation to each Tranche (**Pricing Supplement**). In the event of any inconsistency between these Conditions and the relevant Final Terms or Pricing Supplement (as the case may be), the relevant Final Terms or Pricing Supplement (as the case may be) shall prevail.

The Bonds will be subject to and have the benefit of a bond trust deed to be entered into prior to the Initial Issue Date (as defined below) as the same may be amended, supplemented, restated and/or novated from time to time (the **Bond Trust Deed**), between the Issuer and Citicorp Trustee Company Limited as trustee (the **Bond Trustee**, which expression includes the trustee or trustees for the time being of the Bond Trust Deed).

The Bonds have the benefit (to the extent applicable) of an agency agreement (as amended, supplemented and/or restated from time to time, the **Agency Agreement**) to be entered into prior to the Initial Issue Date (to which, among others, the Issuer, the Bond Trustee, the Principal Paying Agent and the other Paying Agents or the Transfer Agents and the Registrar are party). As used herein, each of **Principal Paying Agent**, **Paying Agents**, **Agent Bank**, **Transfer Agent** and/or **Registrar** means, in relation to the Bonds, the persons specified in the Agency Agreement as the Principal Paying Agent, Paying Agents, Agent Bank, Transfer Agents and/or Registrar, respectively, and, in each case, any successor to such person in such capacity. The Bonds may also have the benefit (to the extent applicable) of a calculation agency agreement (in the form or substantially in the form of schedule 1 to the Agency Agreement, the **Calculation Agency Agreement**) between, *inter alios*, the Issuer and any calculation agent appointed by the Issuer as calculation agent (the **Calculation Agent**).

On or before the Initial Issue Date, the Obligors will enter into various security documents (the **Security Documents**) with the Security Trustee as security trustee, pursuant to which the Obligors will grant fixed and floating charge security (the **Security**) to the Security Trustee for itself and the other Secured Creditors (which includes the Bond Trustee (for itself and on behalf of the Bondholders), the

Bondholders, each Issuer Hedge Counterparty, the Liquidity Facility Provider, the Principal Paying Agent, each Paying Agent, the Calculation Agent (if any), the Transfer Agent, the Registrar, the Account Bank, the Agent Bank and the Cash Manager).

Pursuant to clause 7 (Guarantee) of the STID (the **Guarantee**), each Obligor (other than the Issuer) jointly and severally and irrevocably and unconditionally: (a) guarantees to the Security Trustee (for itself and for and on behalf of the Secured Creditors) punctual performance and observance by each of the other Obligors of all the Secured Liabilities; (b) undertakes with the Security Trustee (for itself and for and on behalf of the Secured Creditors) that, whenever any Obligor does not pay any amount when due under or pursuant to any Finance Document, that Obligor must immediately on demand by the Security Trustee pay that amount as if it were the principal obligor; (c) indemnifies the Security Trustee (for itself and for and on behalf of the Secured Creditors) immediately on demand against any loss or liability (other than Excluded Tax) suffered by the Security Trustee or any Secured Creditor if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal or ineffective. The amount of the loss or liability under this indemnity will not exceed the amount the Security Trustee or that Secured Creditor would otherwise have been entitled to recover if the amount claimed had been recoverable on the basis of the guarantee in (a) above; and (d) agrees to pay to the Security Trustee on an after Tax basis (for itself and on behalf of the Secured Creditors) an amount equal to any amount which would otherwise have been recoverable by it on the basis of the guarantee in paragraph (a) above, but for the discharge of the Issuer's obligations as a result of the provisions of clause 42 (Limited Recourse) of the STID. The security for the obligations of the Obligors under the Guarantee has been created in and pursuant to the terms set out in the Security Documents.

On or before the Initial Issue Date, the Issuer will enter into a dealership agreement (the **Dealership Agreement**) with the dealers named therein (the **Dealers**) in respect of the Programme, pursuant to which any of the Dealers may enter into subscription agreements (each a **Subscription Agreement**) in relation to each Tranche of Bonds issued by the Issuer, and pursuant to which the Dealers will agree to subscribe for the relevant Bonds. In any Subscription Agreement relating to a Tranche of Bonds, any of the Dealers may agree to procure subscribers to subscribe for the relevant Tranche of Bonds.

The Issuer may enter into liquidity facility agreements (together, the **Liquidity Facility Agreements**) with certain liquidity facility providers (each a **Liquidity Facility Provider** and together, the **Liquidity Facility Providers**) pursuant to which the Liquidity Facility Providers agree to make certain facilities available to meet liquidity shortfalls.

The Issuer may enter into certain currency, inflation-linked and interest rate hedging agreements (together, the **Issuer Hedging Agreements**) with certain hedge counterparties (together, the **Issuer Hedge Counterparties**) in respect of certain Tranches of Bonds, pursuant to which the Issuer hedges certain of its currency and interest rate obligations.

On or before the Initial Issue Date, the Issuer will enter into a common terms agreement with among others, the Obligors and the Secured Creditors (the **CTA**) and a security trust and intercreditor deed between, among others, the Obligors and the other Secured Creditors (the **STID**).

The Bond Trust Deed, the Bonds (including the applicable Final Terms or Pricing Supplement, as the case may be), the Security Documents, the Agency Agreement, the Liquidity Facility Agreement, the Issuer Hedging Agreements, the Intercompany Loan Agreements, the STID, the CTA, the Cash Management Agreement, the master definitions agreement between, among others, the Issuer and the Bond Trustee to be dated the Initial Issue Date (the **Master Definitions Agreement**), the account bank agreement between, among others, the Account Bank, the Issuer, Elenia Oy, the Security Trustee and the Bond Trustee (the **Account Bank Agreement**), the Tax Deed of Covenant and any related document (each, if not defined above, as defined below or in the Master Definitions Agreement) are, in relation to the Bonds, together referred to as the **Issuer Transaction Documents**.

In these Conditions, words denoting the singular number only shall include the plural number also and vice versa. Capitalised terms not otherwise defined in these Conditions shall bear the meanings given to them in the Master Definitions Agreement and these Conditions shall be construed in accordance with the principles of construction set out in the Master Definitions Agreement.

Certain statements in these Conditions are summaries of the detailed provisions appearing on the face of the Bonds (which expression shall include the body thereof), in the relevant Final Terms or Pricing Supplement or in the Bond Trust Deed, the STID, the CTA or the Security Documents. Copies of the Bond Trust Deed, STID, CTA, Master Definitions Agreement and the Security Documents are available for inspection during normal business hours at the specified offices of the Principal Paying Agent (in the case of Bearer Bonds) or the specified offices of the Transfer Agents and the Registrar (in the case of Registered Bonds), save that, if this Bond is an unlisted Bond of any Tranche, the applicable Final Terms or Pricing Supplement (as the case may be) will only be obtainable by a Bondholder holding one or more unlisted Bonds of that Tranche and such Bondholder must provide evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Bonds and identity.

The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Bond Trust Deed, the Security Documents, the STID, CTA and other Issuer Transaction Documents applicable to them and the relevant Final Terms or Pricing Supplement (as the case may be) and to have notice of those provisions of the Agency Agreement and the other Issuer Transaction Documents applicable to them. In the event of any inconsistency between the terms and conditions set out herein and the terms set out in the STID, the Security Documents and the CTA, the terms of the STID, the Security Documents or the CTA (as the case may be) shall prevail.

Any reference in these conditions to a matter being **specified** means the same as may be specified in the relevant Final Terms or Pricing Supplement, as the case may be.

## **1. Form, Denomination and Title**

### **(a) *Form and Denomination***

The Bonds are in bearer form (**Bearer Bonds**) or in registered form (**Registered Bonds**) as specified in the applicable Final Terms or Pricing Supplement (as the case may be) and, in the case of Definitive Bonds, serially numbered in the Specified Denomination(s) provided that in the case of any Bonds which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum Specified Denomination shall be £100,000, €100,000, U.S.\$200,000 or not less than the equivalent of €100,000 in any other currency as at the date of issue of the relevant Bonds (or such other amount required by applicable law from time to time as stated in the applicable Final Terms or Pricing Supplement) and in the case of the Bonds in respect of which the publication of a Prospectus is not required under the Prospectus Directive the minimum Specified Denomination shall not be less than that required by applicable law as stated in the applicable Final Terms or Pricing Supplement. Bonds may be issued in such denomination and higher integral multiples of a smaller amount if specified in the applicable Final Terms or Pricing Supplement. Bonds of one Specified Denomination may not be exchanged for Bonds of another Specified Denomination and Registered Bonds may not be exchanged for Bearer Bonds. References in these Conditions to **Bonds** include Bearer Bonds and Registered Bonds and all Tranches and Series.

So long as the Bonds are represented by a temporary Global Bond or permanent Global Bond and the relevant clearing system(s) so permit, the Bonds shall be tradeable only in

principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination).

The Bonds may be Zero Coupon Bonds, Fixed Rate Bonds, Floating Rate Bonds, Index-Linked Bonds or Instalment Bonds, as specified in the applicable Final Terms or Pricing Supplement.

Interest-bearing Bearer Bonds are issued with Coupons (as defined below) (and, where appropriate, a Talon, (as defined below)) attached. After all the Coupons attached to, or issued in respect of, any Bearer Bond which was issued with a Talon have matured, a coupon sheet comprising further Coupons (other than Coupons which would be void) and (if necessary) one further Talon will be issued against presentation of the relevant Talon at the specified office of any Paying Agent. Any Bearer Bond the principal amount of which is redeemable in instalments may be issued with one or more Receipts (as defined below) (and, where appropriate, a Talon) attached thereto. After all the Receipts attached to, or issued in respect of, any Instalment Bond which was issued with a Talon have matured, a receipt sheet comprising further Receipts (other than Receipts which would be void) and (if necessary) a further Talon will be issued against presentation of the relevant Talon at the specified office of any Paying Agent.

(b) *Title*

Title to Bearer Bonds, Coupons, Receipts and Talons (if any) passes by delivery. Title to Registered Bonds passes by registration in the register (the **Register**), which the Issuer shall procure to be kept by the Registrar.

In these Conditions, subject as provided below, each reference to **Bondholder** (in relation to a Bond, Coupon, Receipt or Talon) or **Holder** means: (i) in relation to a Bearer Bond, the bearer of any Bearer Bond, Coupon, Receipt or Talon (as the case may be); and (ii) in relation to a Registered Bond, the person in whose name a Registered Bond is registered, as the case may be. The expressions **Bondholder** and **Holder** include the holders of instalment receipts (**Receipts**) appertaining to the payment of principal by instalments (if any) attached to such Bonds in bearer form (the **Receiptholders**), the holders of the coupons (**Coupons**) (if any) appertaining to interest-bearing Bonds in bearer form (the **Couponholders**), and the expressions Couponholders and Receiptholders include the holders of talons (**Talons**) in relation to Coupons or Receipts as applicable (**Talonholders**).

The bearer of any Bearer Bond, Coupon, Receipt or Talon and the registered holder of any Registered Bond will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on the relevant Bond, or its theft or loss or any express or constructive notice of any claim by any other person of any interest therein other than, in the case of a Registered Bond, a duly executed transfer of such Bond in the form endorsed on the Bond in respect thereof) and no person will be liable for so treating the holder.

Bonds which are represented by a Global Bond will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or Pricing Supplement.

(c) *Further Bonds*

The Issuer may, from time to time, without the consent of the Bondholders, Receiptholders or Couponholders, create and issue further Bonds having the same terms and conditions as the Bonds of a Series in all respects (or in all respects except for the first payment of interest). Accordingly, a Series of Bonds may comprise a number of issues in addition to the initial Tranche of such Series. Such further issues of the same Series will be consolidated and form a single Series with the prior issues of that Series.

**2. Exchanges of Bearer Bonds for Registered Bonds and Transfers of Registered Bonds**

(a) *Exchange of Bonds*

Subject to Condition 2(e) (*Closed Periods*), Bearer Bonds may, if so specified in the relevant Final Terms or Pricing Supplement, be exchanged at the expense of the transferor Bondholder for the same aggregate principal amount of Registered Bonds at the request in writing of the relevant Bondholder and upon surrender of the Bearer Bond to be exchanged together with all unmatured Coupons, Receipts and Talons (if any) relating to it at the specified office of the Registrar or any Transfer Agent or Paying Agent. Where, however, a Bearer Bond is surrendered for exchange after the Record Date (as defined below) for any payment of interest or Interest Amount (as defined below), the Coupon in respect of that payment of interest or Interest Amount need not be surrendered with it. Registered Bonds may not be exchanged for Bearer Bonds.

(b) *Transfer of Registered Bonds*

A Registered Bond may be transferred upon the surrender of the relevant Registered Definitive Bond, together with the form of transfer endorsed on it duly completed and executed, at the specified office of any Transfer Agent or the Registrar. However, a Registered Bond may not be transferred unless: (i) the principal amount of Registered Bonds proposed to be transferred; and (ii) the principal amount of the balance of Registered Bonds to be retained by the relevant transferor are, in each case, Specified Denominations. In the case of a transfer of part only of a holding of Registered Bonds represented by a Registered Definitive Bond, a new Registered Definitive Bond in respect of the balance not transferred will be issued to the transferor within three business days (in the place of the specified office of the Transfer Agent or the Registrar) of receipt of such form of transfer.

(c) *Delivery of New Registered Definitive Bonds*

Each new Registered Definitive Bond to be issued upon exchange of Bearer Bonds or transfer of Registered Bonds will, within three business days (in the place of the specified office of the Transfer Agent or the Registrar) of receipt of such request for exchange or form of transfer, be available for delivery at the specified office of the Transfer Agent or the Registrar stipulated in the request for exchange or form of transfer, or be mailed at the risk of the Bondholder entitled to the Registered Definitive Bond to such address as may be specified in such request for exchange or form of transfer. For these purposes, a form of transfer or request for exchange received by the Registrar after the Record Date (as defined below) in respect of any payment due in respect of Registered Bonds shall be deemed not to be effectively received by the Registrar until the Business Day (as defined in Condition 22 (*Definitions*)) following the due date for such payment.



(d) *Exchange at the Expense of Transferor Bondholder*

Registration of Bonds on exchange or transfer will be effected at the expense of the transferor Bondholder by or on behalf of the Issuer, the Transfer Agent or the Registrar, and upon payment of (or the giving of such indemnity as the Transfer Agent or the Registrar may require in respect of) any tax or other governmental charges which may be imposed in relation to it.

(e) *Closed Periods*

No transfer of a Registered Bond may be registered, nor may any exchange of a Bearer Bond for a Registered Bond occur, during the period of 15 days ending on the due date for any payment of principal, interest, Interest Amount (as defined below) or Redemption Amount (as defined below) on that Bond.

(f) *Regulations Concerning the Transfer of Registered Bonds*

All transfers of Registered Bonds and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Principal Paying Agent, the Bond Trustee and the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Bondholder who requests in writing a copy of such regulations.

**3. Status of Bonds and the Guarantee**

(a) *Status of the Bonds*

The Bonds, Coupons, Talons and Receipts (if any) are direct and (subject to Condition 20 (*Limited Recourse*)) unconditional obligations of the Issuer, secured in the manner described in Condition 4 (*Security, Priority and Relationship with the Secured Creditors*) and rank *pari passu* without any preference among themselves.

(b) *Status of the Guarantee*

The payment of principal and interest in respect of the Bonds and all other moneys (including default interest) payable by the Issuer under or pursuant to the Bond Trust Deed has been unconditionally guaranteed by the Guarantors in the STID. The obligations of the Guarantors under the Guarantee are direct, unconditional, unsubordinated and unsecured obligations of the Guarantors and claims under the Guarantee rank at least *pari passu* with all other unsecured and unsubordinated obligations of the Guarantors, present and future, other than any obligations preferred by mandatory provisions of applicable law.

(c) *Bond Trustee not responsible for monitoring compliance*

The Bond Trustee shall not be responsible for monitoring compliance by the Issuer with any of its obligations under the Finance Documents except by means of receipt of a certificate from the Issuer which will state, among other things, that no Potential Event of Default, Trigger Event or Event of Default is outstanding. The Bond Trustee shall be entitled to rely on such certificates absolutely. The Bond Trustee is not responsible for monitoring compliance by any of the parties with their respective obligations under the Finance Documents. The Bond Trustee may call for and is at liberty to accept as sufficient evidence a certificate signed by any one director of the Issuer, the Obligors (or

any of them) or any other party to any Finance Document to the effect that any particular dealing, transaction, step or thing is, in the opinion of the persons so certifying, suitable or expedient or as to any other fact or matter upon which the Bond Trustee may require to be satisfied. The Bond Trustee is in no way bound to call for further evidence or be responsible for any loss that may be occasioned by acting on any such certificate although the same may contain some error or is not authentic. The Bond Trustee is entitled to rely upon any certificate believed by it to be genuine and will not be liable for so acting.

#### 4. **Security, Priority and Relationship with the Secured Creditors**

##### (a) *Security*

As continuing security for the payment or discharge of the Secured Liabilities (including all moneys payable in respect of the Bonds, Coupons and Receipts and otherwise under the Bond Trust Deed, the STID, the Security Documents and any deed or other document executed in accordance with the Bond Trust Deed, the STID or the Security Documents and expressed to be supplemental to the Bond Trust Deed, the STID or the Security Documents (as applicable) (the **Trust Documents**) (including the remuneration, expenses and other claims of the Security Trustee and any Receiver appointed under the STID or the Security Documents)), the Issuer has entered into the Security Documents, to which it is party, to create as far as permitted by and subject to compliance with any applicable law, the following security, (the **Security**) in favour of the Security Trustee for itself and on trust for the other Secured Creditors including, but not limited to, the Bondholders:

- (i) business mortgages (*yrityskiinnitys*) in respect of its unsecured movable property from time to time;
- (ii) Finnish law pledges of receivables in respect of the amounts standing from time to time to the credit of the Issuer Accounts;
- (iii) Finnish law pledges over the rights to receivables arising under each intragroup loan; and
- (iv) a Luxembourg law share pledge over its shares in Elenia Finance (SPPS),

all as more particularly set out in the relevant Security Documents.

All Bonds issued by the Issuer under the Programme will share in the Security constituted by all of the Obligors, including the Issuer, in the Security Documents, upon and subject to the terms thereof.

##### (b) *Relationship among Bondholders and with other Secured Creditors*

The Bondholders are Secured Creditors. The Bond Trustee is a Secured Creditor on its own behalf and on behalf of the Bondholders.

The Bond Trust Deed contains provisions detailing the Bond Trustee's duties to consider the interests of Bondholders as regards all discretions of the Bond Trustee (except where expressly provided or otherwise referred to in Condition 16 (*Bond Trustee Protections*) and the Bond Trust Deed). In addition, the STID contains provisions detailing the Security Trustee's duties to consider the interests of the Secured Creditors (including the

Bond Trustee on behalf of the Bondholders) in accordance with and subject to the provisions of the STID.

(c) *Enforcement of Security*

In the event of the Security becoming enforceable as provided in the Security Documents, the Security Trustee shall enforce its rights with respect to the Security in accordance with the STID, but without any liability as to the consequence of such action and without having regard to the effect thereof on, or being required to account for such action to, any particular Bondholder or other Secured Creditor, provided that the Security Trustee shall not be obliged to take any action unless it is indemnified and/or secured and/or prefunded to its satisfaction.

Immediately upon notification to the Security Trustee of an Event of Default occurring (other than, for the avoidance of doubt, an Event of Default as defined in any Hedging Agreement with respect to a Hedge Counterparty) in accordance with clause 19 (Notification of Default) of the STID and for so long as any Senior Debt is outstanding, a Standstill Period will commence (unless one is already in existence). Pursuant to clause 21 (Enforcement) of the STID and the Security Documents, the Security shall become enforceable during an Enforcement Period.

Bondholders acknowledge and agree that only the Security Trustee is entitled to: (i) deliver an Acceleration Notice (ii) take Enforcement Action against any Obligor save as permitted under clause 6.1 (Undertakings of the Secured Creditors) of the STID; or (iii) take proceedings or to exercise any rights, discretions or powers, or to grant any consents or releases, in respect of the security given under or pursuant to the Security Documents or otherwise have direct recourse to the Security.

Enforcement will only be permitted in accordance with the STID, following termination of any Standstill Period or otherwise as permitted in the STID.

(d) *Application Before Enforcement*

Before enforcement of the Security, the Issuer shall (to the extent such funds are available) use funds standing to the credit of the Operating Accounts of the Issuer to make payments in accordance with the Pre-Enforcement Priority of Payments (as set out in the Common Terms Agreement).

(e) *Application After Enforcement*

After enforcement of the Security, the Security Trustee shall (to the extent that such funds are available) use all Available Enforcement Proceeds (other than any Defeasance Amounts, which shall be applied in repayment of the Authorised Credit Facility to which a Defeasance Account in question relates) to make payments in accordance with the Post-Enforcement Priority of Payments as set out in the STID.

(f) *Security Trustee not liable for security*

Neither the Bond Trustee nor the Security Trustee will make or be liable for any failure to make, any investigations in relation to the property which is the subject of the Security, and shall not be bound to enquire into or be liable for any defect or failure in the right or title of the Issuer or the other Obligors to the Security, whether such defect or failure was known to the Security Trustee or might have been discovered upon examination or enquiry or whether capable of remedy or not, nor will it have any liability

for the enforceability of the Security created under the Security Documents whether as a result of any failure, omission or defect in registering or filing or otherwise protecting or perfecting such Security or otherwise. The Security Trustee and the Bond Trustee shall have no responsibility for the value of any such Security.

The Bond Trustee is authorised by the Bondholders to execute the STID and the Common Terms Agreement (and the Bondholders are deemed, by acquiring an interest in the Bonds, to consent to such authorisation).

The Security Trustee is authorised by the Bondholders to execute the Security Documents as Security Trustee for, among others, the Bondholders (and the Bondholders are deemed, by acquiring any interest in the Bonds, to consent to such authorisation).

## 5. Issuer Covenants

So long as any of the Bonds remains outstanding, the Issuer has agreed to comply with the covenants as set out in the Bond Trust Deed and the CTA.

The Bond Trustee shall be entitled to rely absolutely on a certificate of any director of the Issuer in relation to any matter relating to such covenants and to accept without liability any such certificate as sufficient evidence of the relevant fact or matter stated in such certificate.

## 6. Interest and other Calculations

### (a) *Interest Rate and Accrual*

Each Bond (unless specified in the relevant Final Terms or Pricing Supplement to be a Zero Coupon Bond) bears interest on its Principal Amount Outstanding as defined below from the Interest Commencement Date (as defined below) at the Interest Rate (as defined below), such interest being payable in arrear (unless otherwise specified in the relevant Final Terms or Pricing Supplement) on each Interest Payment Date (as defined below).

Interest will cease to accrue on each Bond (or, in the case of the redemption of part only of a Bond, that part only of such Bond) on the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which event interest will continue to accrue (both before and after judgment) at the Interest Rate that would otherwise apply in respect of unpaid amounts on such Bonds at such time to the Bond Relevant Date (as defined in Condition 22 (*Definitions*)).

If any maximum rate of interest or minimum rate of interest is specified in the relevant Final Terms or Pricing Supplement, then the Interest Rate shall in no event be greater than the maximum or be less than the minimum so specified, as the case may be.

### (b) *Business Day Convention*

If any date referred to in these Conditions or the relevant Final Terms or Pricing Supplement is specified to be subject to adjustment in accordance with a Business Day Convention and would otherwise fall on a day which is not a Business Day (as defined in Condition 22 (*Definitions*)), then if the business day convention specified in the relevant Final Terms or Pricing Supplement is:

- (i) the **Following Business Day Convention**, such date shall be postponed to the next day which is a Business Day;

- (ii) the **Modified Following Business Day Convention**, such date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day; or
  - (iii) the **Preceding Business Day Convention**, such date shall be brought forward to the immediately preceding Business Day.
- (c) *Floating Rate Bonds*

This Condition 6(c) (*Floating Rate Bonds*) is applicable if the relevant Final Terms or Pricing Supplement specify the Bonds as Floating Rate Bonds and in the limited circumstances set out in Condition 6(d) (*Fixed Rate Bonds*) and Condition 6(e) (*Index-Linked Bonds*).

If **Screen Rate Determination** is specified in the relevant Final Terms or Pricing Supplement as the manner in which the Interest Rate(s) is/are to be determined, the Interest Rate applicable to the Bonds for each Interest Period will be determined by the Agent Bank (or the Calculation Agent, if applicable) on the following basis:

- (i) if the Page (as defined below) displays a rate which is a composite quotation or customarily supplied by one entity, the Agent Bank (or the Calculation Agent, if applicable) will determine the Relevant Rate (as defined in Condition 22 (*Definitions*));
- (ii) in any other case, the Agent Bank (or the Calculation Agent, if applicable) will determine the arithmetic mean of the Relevant Rates (as defined below) which appear on the Page as at the Relevant Time (as defined below) on the relevant Interest Determination Date (as defined below) provided that, if five or more offered quotations are available on the relevant Page, the highest (or, if there is more than one highest quotation, one only of those quotations) and the lowest (or, if there is more than one lowest quotation, one only of those quotations) shall be disregarded by the Agent Bank (or Calculation Agent, if applicable) for the purpose of determining the arithmetic mean (rounded as provided above) of the offered quotations);
- (iii) if, in the case of (i) above, such rate does not appear on that Page or, in the case of (ii) above, fewer than two such rates appear on that Page or if, in either case, the Page is unavailable, the Agent Bank (or the Calculation Agent, if applicable) will:
  - (A) request the principal Relevant Financial Centre office of each of the Reference Banks (as defined in Condition 22 (*Definitions*)) to provide a quotation of the Relevant Rate at approximately the Relevant Time on the relevant Interest Determination Date to prime banks in the Relevant Financial Centre (as defined below) interbank market (or, if appropriate, money market) in an amount that is representative for a single transaction in that market at that time; and
  - (B) determine the arithmetic mean of such quotations; and
- (iv) if fewer than two such quotations are provided as requested in Condition 6(c)(iii), the Agent Bank (or the Calculation Agent, if applicable) will determine the arithmetic mean of the rates (being the rates nearest to the

Relevant Rate as determined by the Agent Bank (or the Calculation Agent, if applicable)) quoted by the Reference Banks at approximately 11.00 a.m. (local time in the Relevant Financial Centre of the Relevant Currency) on the relevant Interest Determination Date (as defined in Condition 22 (*Definitions*)) for loans in the Relevant Currency to leading European banks for a period equal to the relevant Interest Period and in the Representative Amount (as defined in Condition 22 (*Definitions*)),

and the Interest Rate for such Interest Period shall be the sum of the rate or (as the case may be) the arithmetic mean so determined plus the Margin. However, if the Agent Bank or the Calculation Agent (as applicable) 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 Interest Rate applicable to the Bonds 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 Bonds in respect of a preceding Interest Period.

If **ISDA Determination** is specified in the relevant Final Terms or Pricing Supplement as the manner in which the Interest Rate(s) is/are to be determined, the Interest Rate(s) applicable to the Bonds for each Interest Period will be the sum of the ISDA Rate and the Margin 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 Agent Bank (or the Calculation Agent, if applicable) under an interest rate swap transaction if the Agent Bank (or the Calculation Agent, if applicable) 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 or Pricing Supplement;
- (ii) the Designated Maturity (as defined in the ISDA Definitions) is the Specified Duration (as defined in Condition 22 (*Definitions*)); and
- (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (1) if the relevant Floating Rate Option (as defined in the ISDA Definitions) is based on London interbank offered rate (**LIBOR**) for a currency, the first day of that Interest Period, (2) if the relevant Floating Rate Option (as defined in the ISDA Definitions) is based on the Euro-zone interbank offered rate (**EURIBOR**), the first day of that Interest Period, or (3) in any other case, as specified in the relevant Final Terms or Pricing Supplement.

(d) *Fixed Rate Bonds*

This Condition 6(d) (*Fixed Rate Bonds*) is applicable only if the relevant Final Terms or Pricing Supplement specify the Bonds as Fixed Rate Bonds.

The Interest Rate applicable to the Bonds for each Interest Period will be the rate specified in the relevant Final Terms or Pricing Supplement.

(e) *Index-Linked Bonds*

This Condition 6(e) (*Index-Linked Bonds*) is applicable only if the relevant Final Terms or Pricing Supplement specify the Bonds as Index-Linked Bonds.

Payments of principal on, and the interest payable in respect of, the Bonds will be subject to adjustment for indexation and to the extent set out in Condition 7(b) (*Application of the Index Ratio*).

The Interest Rate applicable to the Bonds for each Interest Period will be the rate specified in the relevant Final Terms or Pricing Supplement.

(f) *Rounding*

For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified):

- (i) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point (with halves being rounded up);
- (ii) all figures will be rounded to seven significant figures (with halves being rounded up); and
- (iii) all currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves being rounded up). For these purposes, **unit** means, with respect to any currency other than euro, the lowest amount of such currency which is available as legal tender in the country of such currency and, with respect to euro, means €0.01.

(g) *Calculations*

The amount of interest payable in respect of any Bond for each Interest Period shall be calculated by applying the Interest Rate 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 Bond divided by the Calculation Amount (as defined in Condition 22 (*Definitions*)) and, in the case of Index-Linked Bonds only, adjusted according to the indexation set out in Condition 7(b) (*Application of the Index Ratio*), unless an Interest Amount is specified in respect of such period in the relevant Final Terms or Pricing Supplement, in which case the amount of interest payable in respect of such Bond for such Interest Period will equal such Interest Amount.

(h) *Determination and Publication of Interest Rates, Interest Amounts and Redemption Amounts*

As soon as practicable after the Relevant Time on each Interest Determination Date or such other time on such date as the Agent Bank (or the Calculation Agent, if applicable) may be required to calculate any Redemption Amount, obtain any quote or make any determination or calculation, the Agent Bank (or the Calculation Agent, if applicable) will determine the Interest Rate and calculate the amount of interest payable (the **Interest Amounts**) in respect of each Specified Denomination of Bonds for the relevant Interest Period (including, for the avoidance of doubt, any applicable Index Ratio to be calculated in accordance with Condition 7(b) (*Application of the Index Ratio*)), calculate the Redemption Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Interest Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Redemption Amount or Principal Amount Outstanding to be notified to, in the case of

Bearer Bonds, the Paying Agents or in the case of Registered Bonds, the Registrar, and, in each case, the Bond Trustee, the Issuer, the Bondholders and the Stock Exchange and each other listing authority, stock exchange and/or quotation system by which the relevant Bonds have then been admitted to listing, trading and/or quotation as soon as possible after its determination but in no event later than: (i) (in case of notification to the Stock Exchange and each other listing authority, stock exchange and/or quotation system by which the relevant Bonds have then been admitted to listing, trading and/or quotation) the commencement of the relevant Interest Period, if determined prior to such time, in the case of an Interest Rate and Interest Amount; or (ii) in all other cases, the fourth Business Day after such determination. The Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange or other relevant authority on which the relevant Bonds are for the time being listed or by which they have been admitted to listing, to the Principal Paying Agent, the Bond Trustee and to the Bondholders in accordance with Condition 17 (*Notices*). If the Bonds become due and payable under Condition 11 (*Events of Default*), the accrued interest and the Interest Rate payable in respect of the Bonds shall nevertheless continue to be calculated as previously provided in accordance with this Condition but no publication of the Interest Rate or the Interest Amount so calculated need be made unless otherwise required by the Bond Trustee. The determination of each Interest Rate, Interest Amount or Redemption Amount, the obtaining of each quote and the making of each determination or calculation by the Agent Bank (or the Calculation Agent, if applicable) or, as the case may be, the Bond Trustee pursuant to this Condition 6 (*Interest and other Calculations*) or Condition 7 (*Indexation*), shall (in the absence of manifest error) be final and binding upon all parties.

(i) *Agent Bank, Calculation Agent and Reference Banks*

The Issuer will procure that there shall at all times be an Agent Bank (and a Calculation Agent, if applicable) and four Reference Banks selected by the Issuer acting through the Agent Bank (or the Calculation Agent, if applicable) with offices in the Relevant Financial Centre if provision is made for them in these Conditions applicable to this Bond and for so long as it is outstanding. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer acting through the Agent Bank (or the Calculation Agent, if applicable) will select another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. If the Agent Bank (or the Calculation Agent, if applicable) is unable or unwilling to act as such or if the Agent Bank (or the Calculation Agent, if applicable) fails duly to establish the Interest Rate for any Interest Period or to calculate the Interest Amounts or any other requirements, the Issuer will appoint (with the prior written consent of the Bond Trustee) a successor to act as such in its place. The Agent Bank may not resign its duties without a successor having been appointed as aforesaid.

(j) *Determination or Calculation by Bond Trustee*

If the Agent Bank (or the Calculation Agent, if applicable) does not at any time for any reason determine any Interest Rate, Interest Amount or Redemption Amount or any other amount to be determined or calculated by it, the Bond Trustee or an agent appointed by it shall (without liability on the part of the Bond Trustee to any person for so doing) determine such Interest Rate, Interest Amount or Redemption Amount or other amount as aforesaid at such rate or in such amount as in its absolute discretion (having regard as it shall think fit to the procedures described above, but subject to: (i) any minimum interest rate or maximum interest rate specified in the applicable Final Terms or Pricing



Supplement; and (ii) the terms of the Bond Trust Deed) it shall deem fair and reasonable in all the circumstances or, subject as aforesaid, apply the foregoing provisions of this Condition, with any consequential amendments, to the extent that, in its or the agent's sole opinion, it can do so and in all other respects it shall do so in such manner as it or the agent shall, in its absolute discretion, deem fair and reasonable in the circumstances, and each such determination or calculation shall be deemed to have been made by the Agent Bank (or the Calculation Agent, if applicable). In making any such determination or calculation, the Bond Trustee may appoint and rely on a determination or calculation by a calculation agent (which shall be an investment bank or other suitable entity of international repute). Each such determination or calculation shall be deemed to have been made by the Agent Bank (or Calculation Agent if applicable).

(k) *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 6 (*Interest and other Calculations*) whether by the Principal Paying Agent or the Agent Bank (or the Calculation Agent, if applicable) shall (in the absence of wilful default, gross negligence or manifest error) be binding on the Issuer, each Obligor, the Agent Bank, the Bond Trustee, the Principal Paying Agent, the other Agents and all Bondholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Obligors, the Bond Trustee, the Bondholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent, the Agent Bank or, if applicable, the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

## 7. Indexation

This Condition 7 (*Indexation*) is applicable only if the relevant Final Terms or Pricing Supplement specify the Bonds as Index-Linked Bonds.

(a) *Definitions*

**Base Index Figure** means (subject to Condition 7(c)(i) (*Change in base*)) the base index figure as specified in the relevant Final Terms or Pricing Supplement;

**Index** or **Index Figure** means, subject as provided in Condition 7(c)(i) (*Change in base*), the Finnish Consumer Price Index (**CPI**) (for all items) which is sponsored by Statistics Finland and available to view at Bloomberg page FICP2 (or any replacement page thereto) or any other index (including any comparable index which may replace any of the foregoing), for the purpose of calculating the amount payable on repayment of any Finnish Government index-linked bond instrument. Any reference to the Index Figure:

- (i) applicable to a particular month shall, subject as provided in Condition 7(c) (*Changes in Circumstances Affecting the Index*) and (e) (*Cessation of or Fundamental Changes to the Index*), be construed as a reference to the Index Figure published in the third month prior to that particular month and relating to the month before that of publication;
- (ii) applicable to the first calendar day of any month shall, subject as provided in Condition 7(c) (*Changes in Circumstances Affecting the Index*) and (e) (*Cessation of or Fundamental Changes to the Index*), be construed as a reference to the Index Figure published in the second month prior to that particular month and relating to the month before that of publication; or

- (iii) applicable to any other day in any month shall, subject as provided in Condition 7(c) (*Changes in Circumstances Affecting the Index*) and (e) (*Cessation of or Fundamental Changes to the Index*), be calculated by linear interpolation between: (A) the Index Figure applicable to the first calendar day of the month in which the day falls, calculated as specified in sub-paragraph (ii) above; and (B) the Index Figure applicable to the first calendar day of the following month, calculated as specified in sub-paragraph (ii) above, and rounded in accordance with Condition 6(f) (*Rounding*).

If the Index is replaced, the Issuer will describe the replacement Index in a supplementary prospectus;

**Index Ratio** applicable to any month means the Index Figure applicable to such month divided by the Base Index Figure;

**Limited Index Ratio** means: (a) in respect of any month prior to the relevant Issue Date, the Index Ratio for that month; (b) in respect of any Limited Indexation Month after the relevant Issue Date, the product of the Limited Indexation Factor for that month and the Limited Index Ratio as previously calculated in respect of the month 12 months prior thereto; and (c) in respect of any other month, the Limited Index Ratio as previously calculated in respect of the most recent Limited Indexation Month;

**Limited Indexation Factor** means, in respect of a Limited Indexation Month, the ratio of the Index Figure applicable to that month divided by the Index Figure applicable to the month 12 months prior thereto, provided that: (a) if such ratio is greater than the maximum indexation factor in relation to the Index Ratio specified in the relevant Final Terms or Pricing Supplement (the **Maximum Indexation Factor**), it shall be deemed to be equal to such Maximum Indexation Factor; and (b) if such ratio is less than the minimum indexation factor in relation to the Index Ratio specified in the relevant Final Terms or Pricing Supplement (the **Minimum Indexation Factor**), it shall be deemed to be equal to such Minimum Indexation Factor;

**Limited Indexation Month** means any month specified in the relevant Final Terms or Pricing Supplement for which a Limited Indexation Factor is to be calculated; and

**Limited Index-Linked Bonds** means Index-Linked Bonds to which a Maximum Indexation Factor and/or a Minimum Indexation Factor (as specified in the relevant Final Terms or Pricing Supplement) applies.

(b) *Application of the Index Ratio*

Each payment of interest and principal in respect of the Bonds shall be the amount provided in, or determined in accordance with, these Conditions, multiplied by the Index Ratio or Limited Index Ratio in the case of Limited Index-Linked Bonds applicable to the month in which such payment falls to be made and rounded in accordance with Condition 6(f) (*Rounding*).

(c) *Changes in Circumstances Affecting the Index*

- (i) Change in base: If at any time and from time to time the Index is changed by the substitution of a new base therefor, then with effect from the calendar month from and including that in which such substitution takes effect: (A) the definition of **Index** and **Index Figure** in Condition 7(a) (*Definitions*) shall be deemed to refer to the new date or month; and (B) the new Base Index Figure shall be the

product of the then existing Base Index Figure and the Index Figure immediately following such substitution, divided by the Index Figure immediately prior to such substitution.

- (ii) Delay in publication of Index: If the Index Figure relating to any month (the **relevant month**) which is required to be taken into account for the purposes of the determination of the Index Figure for any date is not published on or before the 14th business day before the date on which such payment is due (the **date for payment**) (otherwise than because the Index has ceased to be published), the Index Figure applicable to the relevant month shall be: (A) such substitute index figure (if any) as the Issuer, in consultation with the Indexation Adviser, considers to have been published by the Statistics Finland or the Government of Finland, as the case may be (or such other body designated by the Finnish government for such purpose) for the purposes of indexation of payments on the CPI or, failing such publication, on any one or more issues of index-linked treasury stock selected by an Indexation Adviser; or (B) if no such determination is made by such Indexation Adviser appointed by the Issuer within seven days, the Index Figure last published (or, if later, the substitute index figure last determined pursuant to Condition 7(c)(ii)) before the date for payment.

(d) *Application of Changes*

Where the provisions of Condition 7(c)(ii) (*Delay in publication of Index*) apply, the determination of the Indexation Adviser as to the Index Figure applicable to the month in which the date for payment falls shall be conclusive and binding. If, an Index Figure having been applied pursuant to Condition 7(c)(ii)(2), the Index Figure relating to the relevant month is subsequently published while a Bond is still outstanding, then:

- (i) in relation to a payment of principal or interest in respect of such Bond other than upon final redemption of such Bond, the principal or interest (as the case may be) next payable after the date of such subsequent publication shall be increased or reduced by an amount equal to (respectively) the shortfall or excess of the amount of the relevant payment made on the basis of the Index Figure applicable by virtue of Condition 7(c)(ii)(2), below or above the amount of the relevant payment that would have been due if the Index Figure subsequently published had been published on or before the 14th business day before the date for payment; and
- (ii) in relation to a payment of principal or interest upon final redemption, no subsequent adjustment to amounts paid will be made.

(e) *Cessation of or Fundamental Changes to the Index*

- (i) If: (A) the relevant Calculation Agent (to be appointed at the time an Index-Linked Bond is issued) notifies the Issuer, with a copy to the Bond Trustee, that the Index has ceased to be published; or (B) any change is made to the coverage or the basic calculation of the Index, the Issuer shall appoint an independent Indexation Adviser to opine on whether such change constitutes a fundamental change which could, in the opinion of the Indexation Adviser, be materially prejudicial to the interests of the Bondholders (where **materially prejudicial** means that such change could have a material adverse effect on the ability of the Issuer to pay any amounts of principal or interest in respect of the Bonds on the relevant due date for payment therefor), the Issuer and the Indexation Adviser together shall seek to agree for the purpose of the Bonds one or more

adjustments to the Index or a substitute index (with or without adjustments) with the intention that the same should leave the Issuer and the Bondholders in no better and no worse a position than they would have been in had the Index not ceased to be published or the relevant fundamental change not been made.

The Indexation Adviser shall be appointed by the Issuer, in consultation with the Bond Trustee, but the Indexation Adviser shall act on behalf of the Bond Trustee and the Bondholders. The Bond Trustee shall be entitled to rely on the opinion of the Indexation Adviser absolutely without further enquiry and without any liability to any person for so doing. Any fees and expenses of the Indexation Adviser shall be borne by the Issuer.

- (ii) If the Issuer and the Indexation Adviser, acting on behalf of the Bond Trustee, fail to reach agreement as mentioned above within 20 business days following the giving of notice as mentioned in paragraph (i), another bank or other person in London shall be appointed by the Issuer, in consultation with the Bond Trustee, or, failing agreement on and the making of such appointment within 20 business days following the expiry of the 20 business day period referred to above, by the Bond Trustee (in each case, such bank or other person so appointed being referred to as the **Expert**), to determine for the purpose of the Bonds one or more adjustments to the Index or a substitute index (with or without adjustments) with the intention that the same should leave the Issuer and the Bondholders in no better and no worse a position than they would have been in had the Index not ceased to be published or the relevant fundamental change not been made. Any Expert so appointed shall act as an expert and not as an arbitrator and all fees, costs and expenses of the Expert and of any Indexation Adviser and of any of the Issuer and the Bond Trustee in connection with such appointment shall be borne by the Issuer.
- (iii) If any payment in respect of the Bonds is due to be made after the cessation or changes referred to in Condition 7(e)(i) but before any such adjustment to, or replacement of, the Index takes effect, the Issuer shall (if the Index Figure applicable (or deemed applicable) to the relevant month is not available in accordance with the provisions of Condition 7(c)(i) (*Change in base*) above) make a provisional payment on the basis that the Index Figure applicable to the month in which such payment is due to be made is the Index Figure last published. In that event, or in the event of any payment (also referred to below as a **provisional payment**) on the Bonds having been made on the basis of an Index applicable under Condition 7(c)(ii) and the Issuer (acting solely on the advice of an Indexation Adviser) subsequently determining that the relevant circumstances fall within this Condition 7(e) (*Cessation of or Fundamental Changes to the Index*), then:
  - (A) in relation to a payment of principal or interest in respect of the Bonds other than upon final redemption of such Bond, if the sum which would have been payable if such adjustment of substitute index had been in effect on the due date for such payment is greater or less than the amount of such provisional payment, the Interest Amount payable on the Bonds on the Interest Payment Date next succeeding the date on which such adjustment or substitute index becomes effective shall be increased or reduced to reflect the amount by which such provisional payment fell short of, or (as the case may be) exceeded, the sum which would have been paid on the Bonds if such adjustment or substituted index had been in effect on that date; or

- (B) in relation to a payment of principal or interest upon final redemption, no subsequent adjustment to amounts paid will be made.
- (iv) The Index shall be adjusted or replaced by a substitute index as agreed by the Issuer and the Indexation Adviser, acting on behalf of the Bond Trustee and the Bondholders or as determined by the Expert pursuant to the foregoing paragraphs, as the case may be, and references in these Conditions to the Index and to any Index Figure shall be deemed amended in such manner as the Indexation Adviser, acting on behalf of the Bond Trustee and the Bondholders, and the Issuer agree are appropriate to give effect to such adjustment or replacement. Such amendments shall be effective from the date of such notification and binding upon the Issuer, the other Secured Creditors, the Bond Trustee and the Bondholders, and the Issuer shall give notice to the Bondholders in accordance with Condition 17 (*Notices*) of such amendments as promptly as practicable following such notification.

## 8. Redemption, Purchase and Cancellation

### (a) *Final Redemption*

If the Bonds of a Tranche have not previously been redeemed in full, or purchased and cancelled, the Bonds of such Tranche will be finally redeemed at the then Principal Amount Outstanding (in the case of Index-Linked Bonds as adjusted in accordance with Condition 7(b) (*Application of the Index Ratio*)) plus accrued but unpaid interest on the Final Maturity Date specified in the relevant Final Terms or Pricing Supplement for such Tranche.

### (b) *Optional Redemption*

Subject as provided below and provided that no Default is then outstanding, upon giving not more than 60 nor less than 15 days' prior written notice (which notice shall be irrevocable) to the Bond Trustee, the Secured Creditors and the Bondholders, the Issuer may (prior to the Final Maturity Date) redeem the Bonds in whole or in part (but on a *pro rata* basis only) on any Interest Payment Date at their Redemption Amount, as follows:

- (i) in respect of Floating Rate Bonds denominated in any currency, the Redemption Amount will, unless otherwise specified in the relevant Final Terms or Pricing Supplement, be the Principal Amount Outstanding plus any premium for early redemption in certain years (as specified in the relevant Final Terms or Pricing Supplement) plus any accrued but unpaid interest on the Principal Amount Outstanding;
- (ii) in respect of Fixed Rate Bonds denominated in euro, the Redemption Amount will, unless specified to be the Alternative Redemption Amount or the Modified Redemption Amount or as otherwise specified in the relevant Final Terms or Pricing Supplement, be an amount equal to the higher of: (A) their Principal Amount Outstanding and (B) the present value at the Reference Date (as defined below) of: (I) their Principal Amount Outstanding; plus (II) all required interest payments due on the Bonds (excluding accrued but unpaid interest to the date on which the Bonds are to be redeemed (the **Redemption Date**)), computed using a discount rate equal to the Bund Rate as at the Reference Date, plus accrued but unpaid interest to the Redemption Date.

For the purposes of this Condition 8(b)(ii), **Bund Rate** means, with respect to any Reference Date, the rate per annum equal to the equivalent yield to maturity as at such date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price on such date of determination; **Comparable German Bund Issue** means the German Bundesanleihe security specified in the relevant Final Terms or Pricing Supplement or, if no such security is specified or the specified security is no longer in issue, the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such Reference Date to the Redemption Date and that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of euro-denominated corporate debt securities in a principal amount approximately equal to the then Principal Amount Outstanding of the Bonds and of a maturity most nearly equal to the Redemption Date provided, however, that if the period from such Redemption Date to the Final Maturity Date is less than one year, a fixed maturity of one year shall be used; **Comparable German Bund Price** means, with respect to any relevant date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations or, if the Financial Adviser obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations; **Financial Adviser** means an internationally recognised investment bank in Frankfurt acting as a financial adviser (selected by the Issuer and notified in writing to the Bond Trustee, and shall exclude any affiliate of the Security Group and the Sponsors); **Reference Date** means the date which is three Business Days prior to the dispatch of the notice of redemption under this Condition 8(b)(ii); **Reference German Bund Dealer** means any dealer of German Bundesanleihe securities appointed by the Financial Adviser; and **Reference German Bund Dealer Quotations** means, with respect to each Reference German Bund Dealer and any relevant date, the average as determined by the Financial Adviser of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Financial Adviser by such Reference German Bund Dealer at or about 3.30 p.m. (Frankfurt, Germany time) on the Reference Date;

- (iii) In respect of Fixed Rate Bonds denominated in U.S. dollars, the Redemption Amount will, unless specified to be the Modified Redemption Amount or as otherwise specified in the relevant Final Terms or Pricing Supplement, be an amount equal to the Principal Amount Outstanding of such Fixed Rate Bonds plus the accrued but unpaid interest on the Principal Amount Outstanding, plus the greater of: (A) 1 per cent. of the Principal Amount Outstanding; and (B) the excess of: (I) the present value at such Optional Redemption Date (as defined in the Final Terms or Pricing Supplement) of the redemption price of the Bonds at the Redemption Date, plus all required interest payments, that would otherwise be due to be paid on the Bonds during the period between such Optional Redemption Date and the Final Maturity Date, excluding accrued but unpaid interest, computed using a discount rate equal to the Treasury Rate (as defined below) at such Optional Redemption Date plus 50 basis points; over (II) the Principal Amount Outstanding on such Optional Redemption Date.

**Comparable Treasury Issue** means the United States Treasury security specified in the relevant Final Terms or Pricing Supplement or, if no such security is specified, the United States Treasury security selected by any Reference Treasury Dealer as having a maturity comparable to the remaining term of the Bonds from the Optional Redemption Date to the Redemption Date, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a maturity most nearly equal to the Redemption Date;

**Comparable Treasury Price** means, with respect to any redemption date, if paragraph (ii) above of the definition of **Treasury Rate** is applicable, the average of all Reference Treasury Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference Treasury Dealer Quotations, or if the Issuer obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations;

**Federal Reserve System** means the central banking system of the United States;

**Reference Treasury Dealer** means any primary U.S. government securities dealer appointed by the Issuer; and

**Reference Treasury Dealer Quotations** means with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Issuer, of the bid and asked prices for the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, quoted in writing to the Issuer by such Reference Treasury Dealer at 5.00 p.m., New York City time, on the third Business Day immediately preceding such redemption date.

**Treasury Rate** means, with respect to any Optional Redemption Date: (1) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities", for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the Redemption Date, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month); or (2) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, in each case calculated on the third Business Day immediately preceding the redemption date.

- (iv) In respect of Fixed Rate Bonds denominated in Sterling, the Redemption Amount will, unless an Alternative Redemption Amount or Modified Redemption Amount or as otherwise specified in the relevant Final Terms or Pricing Supplement, be an amount equal to the higher of: (a) their Principal Amount Outstanding; and (B) the price determined to be appropriate by an internationally recognised investment bank based in London acting as financial

adviser (selected by the Issuer and notified in writing to the Bond Trustee) as being the price at which the Gross Redemption Yield (as defined below) on such Bonds on the Reference Date (as defined below) is equal to the Gross Redemption Yield at 3.00 p.m. (London time) on the Reference Date on the Reference Gilt (as defined below) while that stock is in issue, and thereafter such UK government stock as the Issuer may, with the advice of three persons operating in the gilt-edged market (selected by the Issuer and notified in writing to the Bond Trustee) determine to be appropriate, plus accrued but unpaid interest on the Principal Amount Outstanding.

For the purposes of this Condition 8(b)(iv), **Gross Redemption Yield** means a yield expressed as a percentage and calculated on a basis consistent with the basis indicated by the United Kingdom Debt Management Office publication "Formulae for Calculating Gilt Prices from Yields" published on 8 June 1998 with effect from 1 November 1998 and updated on 16 March 2005, page 5 or any replacement therefor and, for the purposes of such calculation, the date of redemption of the relevant Fixed Rate Bonds shall be the Final Maturity Date; **Reference Date** means the date which is two Business Days prior to the despatch of the notice of redemption under this Condition 8(b) (*Optional Redemption*); and **Reference Gilt** means the treasury stock specified in the relevant Final Terms or Pricing Supplement or, if no such security is specified, the Treasury stock whose modified duration most closely matches that of the Bonds on the Reference Date with the advice of three persons operating in the gilt-edged market (selected by the Issuer and notified in writing to the Bond Trustee).

- (v) In respect of Index-Linked Bonds denominated in Sterling, the Redemption Amount will (unless specified to be the Modified Redemption Amount or as otherwise specified in the relevant Final Terms or Pricing Supplement) be the higher of: (a) the Principal Amount Outstanding; and (B) the price determined to be appropriate (without any additional indexation beyond the implicit indexation in such determined price) by a financial adviser in London (selected by the Issuer and notified in writing to the Bond Trustee) as being the price at which the Gross Real Redemption Yield (as defined below) on the Bonds on the Reference Date (as defined below) is equal to the Gross Real Redemption Yield at 3.00 p.m. (London time) on the Reference Date on the Reference Gilt while that stock is in issue, and thereafter such UK government stock as the Issuer may, with the advice of three persons operating in the gilt edged market, (selected by the Issuer and notified in writing to the Bond Trustee), determine to be appropriate, plus accrued but unpaid interest (as adjusted in accordance with Condition 7(b) (*Application of the Index Ratio*)) on the Principal Amount Outstanding.

For the purposes of this Condition 8(b)(v), **Gross Real Redemption Yield** means a yield expressed as a percentage and calculated on a basis consistent with the basis indicated by the United Kingdom Debt Management Office publication "Formulae for Calculating Gilt Prices from Yields" published on 8 June 1998 with effect from 1 November 1998 and updated on 16 March 2005, page 12 or any replacement therefor, and, for the purposes of such calculation, the date of redemption of the relevant Index-Linked Bonds shall be the Final Maturity Date; **Reference Date** means the date which is two Business Days prior to the despatch of the notice of redemption under this Condition 8(b); and **Reference Gilt** means the treasury stock specified in the relevant Final Terms or Pricing Supplement or, if no such security is specified, the Treasury stock whose



modified duration most closely matches that of the Bonds on the Reference Date with the advice of three persons operating in the gilt-edged market (selected by the Issuer and notified in writing to the Bond Trustee).

- (vi) For the purposes of this Condition 8(b) (*Optional Redemption*), the **Alternative Redemption Amount** is the amount specified as such in the relevant Final Terms or Pricing Supplement (if any); and the **Modified Redemption Amount** if specified as applicable in the relevant Final Terms or Pricing Supplement (unless otherwise specified in the Final Terms or Pricing Supplement, as the case may be) will be an amount equal to the higher of: (A) the Principal Amount Outstanding of the relevant Bonds or the relevant portion thereof available for redemption; and (B) (in the case of Fixed Rate Bonds denominated in Sterling or Index-Linked Bonds denominated in Sterling) an amount calculated by multiplying the Principal Amount Outstanding of such Bonds or the relevant portion thereof available for redemption by that price (expressed as a percentage) (as reported in writing to the Issuer and the Bond Trustee by an internationally recognised investment bank acting as a financial adviser nominated by the Issuer and notified in writing to the Bond Trustee) (and rounded to three decimal places (0.0005 being rounded upwards)) (and, in the case of Index-Linked Bonds, without any additional indexation beyond the implicit indexation in such notified price) at which the Gross Redemption Yield on the Bonds on the Reference Date is equal to the Redemption Rate OR (in the case of Fixed Rate Bonds denominated in euro) at the Redemption Amount calculated in accordance with paragraph (b)(ii) provided that the reference in such calculation to the Bund Rate shall be construed as a reference to the Redemption Rate OR (in the case of Fixed Rate Bonds denominated in a currency other than Sterling or Euro or Index-Linked Bonds denominated in a currency other than Sterling) the Alternative Redemption Amount calculated in accordance with the relevant Final Terms, plus, in each case, accrued but unpaid interest (in the case of Index-Linked Bonds, as adjusted in accordance with Condition 7(b) (*Application of the Index Ratio*)) on the Principal Amount Outstanding or the relevant portion thereof available for redemption to (but excluding) the date of redemption; **Redemption Rate** means the sum of the Relevant Swap Mid Curve Rate and 0.40% per annum (or such other percentage specified in the relevant Final Terms or Pricing Supplement (as the case may be)) or, if the Relevant Swap Mid Curve Rate is not able to be determined, the sum of such rate as may be specified by an internationally recognised investment bank acting as a financial adviser nominated by the Issuer and notified in writing to the Bond Trustee and 0.40% per annum (or such other percentage specified in the relevant Final Terms or Pricing Supplement (as the case may be)); **Gross Redemption Yield** has the meaning given to it (in the case of Fixed Rate Bonds) in Condition 8(b)(iv) or (in the case of Index-Linked Bonds) the meaning given to Gross Real Redemption Yield in Condition 8(b)(v); **Relevant Swap Mid Curve Rate** means the mid-point of the bid-side and offer-side rates for the fixed leg of a hypothetical interest rate swap with a notional profile equal to the interest profile applicable to the relevant Tranche of Bonds to be redeemed to (but excluding) the Final Maturity Date, with the same payment dates as the relevant Bonds, against a floating leg of the Relevant Interest Rate, with no spread, where such hypothetical interest rate swap is between two fully collateralised market counterparties (the Relevant Swap Mid Curve Rate shall be determined by an internationally recognised investment bank acting as financial adviser (nominated by the Issuer and notified in writing to the Bond Trustee) using its standard valuation methodology (as at the date of calculation) **as at** or about the

time for determining interest rate quotations in the currency of the relevant Bonds in accordance with market practice on the Reference Date); and **Relevant Interest Rate** means the rate of interest for deposits in the currency of the relevant Bonds and of a duration equal to the length of the Interest Period (other than the first or last Interest Period, if different) of the relevant Bonds as determined **as at** or about the time for determining interest rate quotations in the currency of the relevant Bonds in accordance with market practice on the Reference Date by reference to the Reuters screen (if the relevant Notes are denominated in Sterling or U.S. dollars) LIBOR01, (if the relevant Bonds are denominated in euro) EURIBOR01, or (if the relevant Bonds are denominated in a currency other than Sterling or euro) specified in the relevant Final Terms or, in each case, such other page as may replace such page or, if that service ceases to display such information, such page as displays such information on such service as may replace the Reuters screen.

- (vii) In respect of any Bonds denominated in Euro which the Issuer notifies to the relevant Bondholders that it will redeem in accordance with this Condition 8(b) (*Optional Redemption*) on the Interest Payment Date falling three months prior to the relevant Final Maturity Date of those Bonds and which are indicated in the relevant Final Terms or Pricing Supplement, as the case may be, to be applicable (such, the **Par-Call Option**), the Redemption Amount will, unless otherwise specified in the relevant Final Terms or Pricing Supplement, be the Principal Amount Outstanding plus any accrued but unpaid interest on the Principal Amount Outstanding.
- (viii) In respect of Index-Linked Bonds which specify the Finnish Consumer Price Index as the Index in the relevant Final Terms and are denominated in euro, the Redemption Amount will (unless specified to be the Modified Redemption Amount or as otherwise specified in a Drawdown Prospectus) be the Principal Amount Outstanding (plus any premium for early redemption (as specified in the relevant Final Terms) plus any accrued but unpaid interest up to and including the date of redemption (in each case, as adjusted in accordance with Condition 7(b) (*Application of the Index Ratio*)). References in this Condition 8(b) to Principal Amount of any Index-Linked Bonds shall be to the Principal Amount Outstanding as adjusted in accordance with Condition 7(b) (*Application of the Index Ratio*)).

In any case, prior to giving any such notice, the Issuer must certify (as further specified in the Finance Documents) to the Bond Trustee that it will have the funds, not subject to any interest (other than under the Security) of any other person, required to redeem the Bonds as aforesaid and the Bond Trustee shall be entitled to rely on such certificate without liability to any person.

In the case of a partial redemption of a Tranche of Bonds represented by a Global Bond (as defined in the Bond Trust Deed) pursuant to this Condition, the Bonds to be redeemed (the **Redeemed Bonds**) will be selected in accordance with the rules and procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Bonds in definitive form, a list of the serial numbers of such Redeemed Bonds will be published in accordance with Condition 17 (*Notices*) not less than 15 days (or such shorter period as is specified in the applicable Final Terms or Pricing Supplement) prior to the date fixed for redemption. No exchange of the relevant

Global Bond will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 8(b) (*Optional Redemption*) and notice to that effect shall be given by the Issuer to the Bondholders in accordance with Condition 17 (*Notices*) at least five days (or such shorter period as is specified in the applicable Final Terms or Pricing Supplement) prior to the Selection Date.

(c) *Redemption for Index Event, Taxation or Other Reasons*

- (i) Redemption for Index Events: Upon the occurrence of any Index Event (as defined below), the Issuer may, upon giving not more than 15 nor less than five Business Days' prior written notice to the Bond Trustee, the Secured Creditors and the holders of the Index-Linked Bonds in accordance with Condition 17 (*Notices*), redeem all (but not some only) of the Index-Linked Bonds of all Tranches of Bonds on any Interest Payment Date at the Principal Amount Outstanding (adjusted in accordance with Condition 7(b) (*Application of the Index Ratio*)) plus accrued but unpaid interest. No single Tranche of Index-Linked Bonds may be redeemed in these circumstances unless all the other Tranches of Index-Linked Bonds linked to the same underlying Index are also redeemed at the same time. Before giving any such notice, the Issuer shall provide to the Bond Trustee and the Secured Creditors a certificate signed by an authorised signatory: (a) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and (B) confirming that the Issuer will have sufficient funds on such Interest Payment Date to effect such redemption.

**Index Event** means: (I) if the Index Figure for three consecutive months falls to be determined on the basis of an Index Figure previously published as provided in Condition 7(c)(ii) (*Delay in publication of Index*) and the Bond Trustee and the Issuer have been notified by the relevant Calculation Agent (to be appointed at the time of issuance by the Issuer of an Index-Linked Bond) that publication of the Index has ceased; or (II) notice is published by Statistics Finland, or on its behalf, following a change in relation to the Index and no amendment or substitution of the Index has been advised by the Indexation Adviser to the Issuer and such circumstances are continuing.

- (ii) Redemption for Taxation Reasons and Illegality: In addition, if at any time the Issuer satisfies the Bond Trustee that:
- (A) either (I) the Issuer or (II) the Guarantors would be unable for reasons outside of their control to procure payment by the Issuer and in making payment itself or themselves (in each case), would become obliged to deduct or withhold from any payment of interest or principal in respect of the Bonds (other than in respect of default interest), any amount for or on account of Taxes as a result of any change in or amendment to laws or regulations or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction) which changes become effective after the Initial Issue Date;
- (B) by reason of a change in law (or the application or official interpretation thereof), which change becomes effective on or after the Initial Issue Date that an Issuer Hedge Counterparty would be entitled to terminate a Hedging Agreement in accordance with its terms as a result of the Issuer

or the Issuer Hedge Counterparty being required to make any withholding or deduction for or on account of any Taxes from payments in respect of an Issuer Hedging Agreement; or

- (C) by reason of a change after the Establishment Date in the tax treatment of the Issuer or any other member of the Obligor Group in respect of the deductibility for tax purposes of interest paid by the Issuer or another Obligor where the change in such treatment adversely affects the amount of such payments which may be deducted by the Issuer or another Obligor, provided that such change is not the result of an action (or inaction) by the Issuer or any other member of Obligor Group,

then the Issuer (or as the case may be, a Guarantor) may, in order to avoid the relevant deductions, withholding or illegality but is not obliged to: (I) use its reasonable endeavours to arrange the substitution of a company incorporated under the laws of another jurisdiction approved by the Bond Trustee as principal debtor under the Bonds upon satisfying the conditions for substitution of the Issuer as set out in Condition 15 (*Passing of resolutions by Bondholders, Modification, Waiver and Substitution*); or (II) convert any Bearer Bonds into Registered Bonds in accordance with Condition 2(a) (*Exchange of Bonds*) if such conversion will be effective to avoid the relevant deduction or withholding or illegality. If the Issuer (or as the case may be, the Guarantor) elects not to seek to avoid the relevant deductions, or is unable to arrange a substitution as described above having used reasonable endeavours to do so or a conversion of Bearer Bonds to Registered Bonds would not prevent any withholding or deduction or illegality and, as a result, the relevant deduction or withholding or illegality is continuing then the Issuer may, upon giving not more than 15 nor less than five Business Days' prior written notice to the Bond Trustee, the Guarantors, the Secured Creditors and the Bondholders in accordance with Condition 17 (*Notices*), redeem all (but not some only) of the affected Tranche of Bonds on any Interest Payment Date at (1) their Principal Amount Outstanding plus accrued but unpaid interest thereon or (2) in respect of a redemption as a result of the occurrence of the circumstances set out in paragraph (C) above where such change in deductibility is in respect of interest payable by the Issuer or any Obligor under any Subordinated Liabilities, the amount for the affected Tranche of Bonds in respect of a redemption to which Condition 8(b) would apply (irrespective of whether the Final Terms or Pricing Supplement provides that such Condition applies in respect of the affected Tranche of Bonds) (each adjusted, in the case of Index-Linked Bonds, in accordance with Condition 7(b) (*Application of the Index Ratio*)). Before giving any such notice of redemption, the Issuer (or the Guarantors, as the case may be) shall provide to the Bond Trustee a certificate signed by a director 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 set out in this Condition have been satisfied (together with evidence satisfactory to the Bond Trustee that such conditions have been satisfied, including such opinions as the Bond Trustee may require). Upon the expiry of any such notice as is referred to above, the Issuer shall be bound to redeem the Bonds in accordance with this Condition 8(c)(ii).

The Bond Trustee shall be entitled to accept and rely without further enquiry on any certificate referred to in this Condition 8(c) (*Redemption for Index Event, Taxation or Other Reasons*) as sufficient evidence of the satisfaction of the

conditions precedent set out above, in which event they shall be conclusive and binding on the Bondholders, the Receiptholders and the Couponholders.

(d) *Mandatory redemption upon application of amounts standing to the credit of the Defeasance Account*

Subject as provided below and to the Common Terms Agreement, and provided that no Default is then outstanding, upon giving not more than 60 nor less than 15 days' prior written notice (which notice shall be irrevocable) to the Bond Trustee, the Secured Creditors and the Bondholders, the Issuer may (prior to the Final Maturity Date) apply amounts standing to the credit of the Defeasance Account to redeem Bonds in whole or in part (but on a *pro rata* basis only) on any Interest Payment Date at their Redemption Amount, and the terms of Condition 8(d) (*Mandatory redemption upon application of amounts standing to the credit of the Defeasance Account*) shall apply as if such redemption was an Optional Redemption.

(e) *Early redemption of Zero Coupon Bonds*

Unless otherwise specified in the relevant Final Terms or Pricing Supplement, the Redemption Amount payable on redemption of a Zero Coupon Bond at any time before the Final 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 Bond 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 or Pricing Supplement for the purposes of this Condition 8(e) (*Early redemption of Zero Coupon Bonds*) or, if none is so specified, a Day Count Fraction of 30/360.

In these Conditions, **Accrual Yield** and **Reference Price** have the meanings given to them in the relevant Final Terms or Pricing Supplement.

(f) *Purchase of Bonds*

Each of the Issuer, a nominee of the Issuer or any other Obligor or a Subsidiary of any Obligor may, provided that no Potential Event of Default or Event of Default has occurred and is continuing, purchase Bonds (together with all unmatured Receipts and Coupons and unexchanged Talons (if any) appertaining thereto) in the open market or otherwise (but not, for the avoidance of doubt, in any initial distribution of Bonds) at any price (without any obligation to surrender such Bonds for cancellation other than as set out in Condition 8(h) (*Cancellation*)) and, to the extent that such Bonds have not been cancelled, may resell them in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

Any Bond purchased by the Issuer, any other Obligor or a Subsidiary of an Obligor shall, for so long as it is held by it (or on its behalf), cease to have voting rights and be excluded from any quorum or voting calculations set out in the Conditions.

While the Bonds are represented by a Global Bond, the relevant Global Bond will be endorsed to reflect the Principal Amount Outstanding of Bonds to be so redeemed or purchased.

(g) *Redemption by Instalments*

Unless previously redeemed, purchased and cancelled as provided in this Condition 8 (*Redemption, Purchase and Cancellation*), each Instalment Bond which provides for repayment in specified Instalment Amounts (as specified in the relevant Final Terms or Pricing Supplement) on the dates specified in the relevant Final Terms or Pricing Supplement (each such date, the relevant **Instalment Date**) will be partially redeemed on each Instalment Date at the Instalment Amount.

(h) *Cancellation*

Any Bearer Bonds or Registered Bonds which are: (i) redeemed by the Issuer; (ii) purchased or held by or on behalf of the Issuer or any other person specified in Condition 8(f) (*Purchase of Bonds*) following an Event of Default; or (iii) purchased by or on behalf of the Issuer or an Obligor shall, in each case, be surrendered to or to the order of the Principal Paying Agent or the Registrar, as the case may be, for cancellation and, if so surrendered, will, together with all Bonds redeemed by the Issuer, be cancelled forthwith (together with, in the case of Bearer Bonds, all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Bonds so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Bonds shall be discharged.

## 9. Payments

(a) *Bearer Bonds*

Payments to the Bondholders of principal (or, as the case may be, Redemption Amounts or other amounts payable on redemption) and interest (or, as the case may be, Interest Amounts) in respect of Bearer Bonds will, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payment of Instalment Amounts other than on the due date for final redemption and provided that the Receipt is presented for payment together with its relative Bond), Bonds (in the case of all other payments of principal and, in the case of interest, as specified in Condition 9(f) (*Unmatured Coupons and Receipts and Unexchanged Talons*)) or Coupons (in the case of interest, save as specified in Condition 9(f) (*Unmatured Coupons and Receipts and Unexchanged Talons*)), as the case may be, at the specified office of any Paying Agent outside the United States of America by transfer to an account denominated in the currency in which such payment is due with, or (in the case of Bonds in definitive form only) a cheque payable in that currency drawn on, a bank in: (i) the principal financial centre of that currency provided that such currency is not euro; or (ii) the principal financial centre of any Participating Member State if that currency is euro.

No payment of principal and/or interest in respect of a Bearer Bond with an original maturity of more than one year will be made by a transfer of funds into an account maintained by the payee in the United States or by mailing a cheque to an address in the United States, except as provided in Condition 9(c) (*Payments in the United States of America*).

(b) *Registered Bonds*

Payments of principal (or, as the case may be, Redemption Amounts) in respect of Registered Bonds will be made to the holder (or the first named of joint holders) of such Bond against presentation and surrender of the relevant Registered Bond at the specified office of the Registrar and in the manner provided in Condition 9(a) (*Bearer Bonds*).

Payments of instalments in respect of Registered Bonds will be made to the holder (or the first named of joint holders) of such Bond against presentation of the relevant Registered Bond at the specified office of the Registrar in the manner provided in Condition 9(a) (*Bearer Bonds*) above and annotation of such payment on the Register and the relevant Bond certificate.

Interest (or, as the case may be, Interest Amounts) on Registered Bonds payable on any Interest Payment Date will be paid to the holder (or the first named if joint holders) on the 15th day before the due date for payment thereof (the **Record Date**). Payment of interest or Interest Amounts on each Registered Bond will be made in the currency in which such payment is due by cheque drawn on a bank in: (i) the principal financial centre of the country of the currency concerned, provided that such currency is not euro; or (ii) the principal financial centre of any Participating Member State if that currency is Euro and mailed to the holder (or to the first named of joint holders) of such Bond at its address appearing in the Register. Upon application by the Bondholder to the specified office of the Registrar before the relevant Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank in: (A) the principal financial centre of the country of that currency provided that such currency is not euro or (B) the principal financial centre of any Participating Member State if that currency is euro.

A record of each payment so made will be endorsed on the schedule to the Global Bond by or on behalf of the Principal Paying Agent or the Registrar, as the case may be, which endorsement shall be *prima facie* evidence that such payment has been made.

(c) *Payments in the United States of America*

Notwithstanding the foregoing, if any Bearer Bonds are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if:

- (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States of America with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Bonds in the manner provided above when due;
- (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts; and
- (iii) such payment is then permitted by the law of the United States of America, without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(d) *Payments subject to fiscal laws; payments on Global Bonds and Registered Bonds*

All payments in respect of the Bonds will be subject in all cases to: (i) any fiscal or other laws and regulations applicable thereto in the place of payment; 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 10) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders, Couponholders or Receiptholders (if any) in respect of such payments.

The holder of a Global Bond shall be the only person entitled to receive payments of principal (or Redemption Amounts) and interest (or Interest Amounts) on the Global Bond and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Bond in respect of each amount paid.

(e) *Appointment of the Agents*

The Agents appointed by the Issuer (and their respective specified offices) are listed in the Agency Agreement. Any Calculation Agent will be listed in the relevant Final Terms or Pricing Supplement and will be appointed pursuant to a Calculation Agency Agreement. The Agents act solely as agents of the Issuer (and, in the circumstances set out in the Agency Agreement, the Bond Trustee) and do not assume any obligation or relationship of agency or trust for or with any holder. The Issuer reserves the right, with the prior written consent of the Bond Trustee, at any time to vary or terminate the appointment of any Agent, and to appoint additional or other Agents, provided that the Issuer will at all times maintain: (i) a Principal Paying Agent (in the case of Bearer Bonds); (ii) a Registrar (in the case of Registered Bonds); (iii) an Agent Bank or Calculation Agent (as specified in the relevant Final Terms or Pricing Supplement) (in the case of Floating Rate Bonds or Index-Linked Bonds); (iv) there will at all times be a Paying Agent in a jurisdiction, other than the jurisdiction in which the Issuer or the Guarantors is incorporated; and (v) if and for so long as the Bonds are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent, Transfer Agent or Registrar in any particular place, a Paying Agent, Transfer Agent and/or Registrar, as applicable, having its specified office in the place required by such listing authority, stock exchange and/or quotation system, which, while any Bonds are admitted to the Official List of the UK Listing Authority and/or admitted to trading on the London Stock Exchange, shall be London. Notice of any such variation, termination or appointment will be given in accordance with Condition 17 (*Notices*).

(f) *Unmatured Coupons and Receipts and Unexchanged Talons*

- (i) Subject to the provisions of the relevant Final Terms or Pricing Supplement, upon the due date for redemption of any Bond which is a Bearer Bond (other than a Fixed Rate Bond, unless it has all unmaturing Coupons attached), unmaturing Coupons and Receipts relating to such Bond (whether or not attached) shall become void and no payment shall be made in respect of them.
- (ii) Upon the date for redemption of any Bond, any unmaturing Talon relating to such Bond (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.



- (iii) Upon the due date for redemption of any Bond which is redeemable in instalments, all Receipts relating to such Bond having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
  - (iv) Where any Bond, which is a Bearer Bond and is a Fixed Rate Bond, is presented for redemption without all unmatured Coupons and any unexchanged Talon relating to it, a sum equal to the aggregate amount of the missing unmatured Coupons will be deducted from the amount of principal due for payment and, redemption shall be made only against the provision of such indemnity as the Issuer may require.
  - (v) If the due date for redemption of any Bond is not an Interest Payment Date, interest accrued from the preceding Interest Payment Date or the Interest Commencement Date, as the case may be, or the Interest Amount payable on such date for redemption shall only be payable against presentation (and surrender if appropriate) of the relevant Bond and Coupon.
- (g) *Payment Business Days*
- (i) Bearer Bonds: If the due date for payment of any amount in respect of any Bearer Bond 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.
  - (ii) Registered Bonds: 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: (a) (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 Bond is surrendered (or, in the case of part payment only, endorsed) at the specified office of a Paying Agent; and (B) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Registered Bond 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 9(g) (*Payment Business Days*) arriving after the due date for payment or being lost in the mail.

(h) *Talons*

On or after the Interest Payment Date for the final Coupon forming part of a coupon sheet issued in respect of any Bond, the Talon forming part of such coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further coupon sheet (and if necessary another Talon for a further coupon sheet) (but excluding any Coupons which may have become void pursuant to Condition 13 (*Prescription*)).

## 10. Taxation

All payments in respect of the Bonds, Receipts and Coupons will be made (whether by the Issuer, a Guarantor, any Paying Agent, the Registrar or the Bond Trustee) free and clear of, and

without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or charges of whatsoever nature unless such withholding or deduction is required by law.

In that event, the Issuer or, as the case may be, the Guarantors will pay such additional amounts (the **Additional Amounts**) as may be necessary to ensure that the net amount received by each Bondholder, Receiptholder and Couponholder after such withholding or deduction (including any withholding or deduction in respect of any Additional Amounts) shall not be less than the amount the Bondholder, Receiptholder or Couponholder, as the case may be, would have received in the absence of such withholding or deduction.

The Issuer shall not, however, pay Additional Amounts in respect of any Bond, Receipt or Coupon:

- (i) presented for payment in any of Finland, The Netherlands or Luxembourg; or
- (ii) the holder of which is liable for such taxes or duties in respect of such Bond, Receipt or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Bond, Receipt or Coupon; or
- (iii) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day.

As used herein:

**Tax Jurisdiction** means Finland or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by the Issuer) or The Netherlands, Finland or Luxembourg or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by the Guarantors).

**Relevant Date** means the date on which such payment first becomes due, except that if the full amount of the moneys payable has not been duly received by the Bond Trustee or the Paying Agent on or prior to such due date, it means the date on which notice that the full amount of such moneys has been so received is duly given to the Bondholders in accordance with Condition 17 (*Notices*).

Any reference in these Conditions to any amounts in respect of the Bonds shall be deemed also to also refer to any Additional Amounts which may be payable under this Condition 10 (*Taxation*) or under any undertakings given in addition to, or in substitution for, this Condition 10 (*Taxation*) pursuant to the Bond Trust Deed.

## 11. Events of Default

The Events of Default (as defined in the Master Definitions Agreement) relating to the Bonds are set out in Schedule 4 (Events of Default) of the CTA.

### (a) *Event of Default*

If an Event of Default as set out in Schedule 4 (Events of Default) of the CTA occurs and is continuing, the Security Trustee and the Secured Creditors, including the Bondholders, may take action in relation to enforcement subject to, and in accordance with, the STID (including subject to the Standstill Provisions set out in Clause 20 of the STID).

(b) *Confirmation of no Event of Default*

The Security Group Agent (on behalf of the Obligors), shall provide written confirmation to the Security Trustee and the Bond Trustee, on a semi-annual basis (and at any other time on request by the Bond Trustee), that no Event of Default, Potential Event of Default or Trigger Event has occurred pursuant to the terms of the CTA (which obligation to provide confirmation may be satisfied by the delivery of the Compliance Certificate pursuant to the CTA).

(c) *Consequences of the service of Enforcement Notices and taking of Enforcement Action*

Upon the taking of Enforcement Action as described in Clause 21 (Enforcement) of the STID, the whole of the Security shall become enforceable by the Security Trustee in accordance with the STID.

Upon the service of an Acceleration Notice in accordance with the STID, the Bond Trustee at its discretion may, and if so requested by holders of at least 25 per cent. in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall, subject in each case to its being indemnified and/or secured and/or prefunded to its satisfaction, give notice to the Issuer that the Bonds are, and they shall immediately become due and repayable at their Principal Amount Outstanding (in the case of Indexed Bonds, as adjusted in accordance with Condition 7(b) (*Application of the Index Ratio*)) plus accrued but unpaid interest (other than in the case of Zero Coupon Bonds) and, in the case of Indexed Bonds, as adjusted in accordance with Condition 7(b) (*Application of the Index Ratio*).

## **12. Enforcement Against Issuer**

No Bondholder, Receiptholder, Couponholder or other Secured Creditor is entitled to take any action against the Issuer or any other member of the Obligor Group or against any assets of the Issuer or any other member of the Obligor Group to enforce its rights in respect of the Bonds or to enforce any of the Security unless the Bond Trustee or, as the case may be, the Security Trustee, having become bound so to proceed, fails or neglects to do so within a reasonable period and such failure or neglect is continuing. The Security Trustee shall, subject to its being indemnified and/or secured and/or pre-funded to its satisfaction against all fees, costs, expenses, liabilities, claims and demands to which it may thereby become liable or which it may incur by so doing: (a) at its discretion; or (b) upon being so directed by the Qualifying Secured Creditors together holding or representing the requisite percentage of the Qualifying Secured Debt as provided under the STID, give notice to the Issuer to enforce the Security in accordance with the STID and the Security Documents.

None of the Bond Trustee, the Security Trustee, the Bondholders, the Receiptholders, the Couponholders or the other Secured Creditors may institute against, or join any person in instituting against, the Issuer or any other member of the Obligor Group any bankruptcy, winding up, reorganisation, arrangement, insolvency or liquidation proceeding (except for the taking of any enforcement action under the STID including the appointment of a Receiver pursuant to the terms of the Security Documents and STID) or other proceeding under any similar law for so long as any Bonds are outstanding or otherwise than in accordance with the STID.

## **13. Prescription**

Claims against the Issuer and the Guarantors for payment in respect of the Bonds, Receipts or Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void

unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Bond Relevant Date (as defined in Condition 22 (*Definitions*)) in respect thereof.

#### **14. Replacement of Bonds, Coupons, Receipts and Talons**

If any Bearer Bond, Registered Bond, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws and requirements of the Stock Exchange (in the case of listed Bonds) (and each other listing authority, stock exchange and or quotation system upon which the relevant Bonds have then been admitted to listing, trading and/or quotation), at the specified office of the Principal Paying Agent or, as the case may be, the Registrar 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 require. Mutilated or defaced Bonds, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

#### **15. Passing of resolutions by Bondholders, Modification, Waiver and Substitution**

##### *(a) Passing of resolutions by Bondholders, Modifications and Waiver*

If the procedures of the relevant clearing systems through which the Bonds are cleared and/or relevant applicable laws and/or regulations permit the use of direct voting mechanics (as described below), no physical meetings will be required in respect of any Voting Matter and a Bondholder may only Vote in respect of any Voting Matter by means of a Block Voting Instruction. However, the Bond Trustee may, without the consent of the Issuer or the Bondholders, prescribe such further regulations regarding voting by the Bondholders in respect of all Voting Matters except STID Proposals as the Bond Trustee may in its sole discretion think fit, including the calling of one or more meetings of Bondholders in order to approve any resolution to be put to the Bondholders where the Bond Trustee, in its sole discretion, considers it to be appropriate to hold a meeting.

In respect of any STID Proposal:

- (i) each Bondholder may only vote on such STID Proposal by Electronic Consent or by way of Block Voting Instruction and each Bondholder shall have one vote in respect of each €1 (or its equivalent expressed in Euro on the basis of the Exchange Rate) of the Outstanding Principal Amount of Bonds held or represented by it;
- (ii) provided Electronic Consent is not applicable, each Bondholder must vote on or prior to the time specified by the Principal Paying Agent or, as the case may be, Registrar and/or relevant clearing system in order to enable the Principal Paying Agent or, as the case may be, a Paying Agent or the Registrar to issue a Block Voting Instruction on the Voting Date, provided that if a Bondholder does not vote in sufficient time to allow the Principal Paying Agent, or, as the case may be, a Paying Agent or the Registrar to issue a Block Voting Instruction in respect of its Bonds prior to the end of the Voting Period, the Votes of such Bondholder may not be counted;
- (iii) in respect of such STID Proposal, the Bond Trustee shall vote as the Secured Creditor Representative of the Bondholders in respect of each Tranche of Bonds then outstanding by notifying the Security Trustee and the Issuer, in accordance with the STID promptly following the receipt by it of such Votes (and in any case not later than the Business Day following receipt of each such Vote), of

each Vote comprised in a Block Voting Instruction received by it from a Paying Agent or the Registrar on or prior to the Voting Date (or, if earlier the relevant Voting Closure Date); and

- (iv) such STID Proposal duly approved by the Qualifying Secured Creditors in accordance with the STID shall be binding on all Bondholders, Receiptholders and Couponholders (subject as provided in the STID). The Issuer shall, following receipt by the Issuer and the Bond Trustee of the result of any vote in respect of such STID Proposal, promptly notify the Bondholders in accordance with Condition 17 (*Notices*).

In respect of (a) an STID Proposal that gives rise to an Entrenched Right in respect of which the Bondholders are an Affected Secured Creditor (an **Entrenched Right STID Proposal**); and (b) any Voting Matter which is not a STID Proposal (an **Other Voting Matter**):

- (v) the Issuer or the Bond Trustee may at any time, and the Bond Trustee must, subject to its being indemnified and/or secured and/or prefunded to its satisfaction, if (a) it receives an Entrenched Right STID Proposal; or (b) directed to do so by Bondholders representing not less than 10 per cent. of the Principal Amount Outstanding of the Bonds, request that such Voting Matter be considered by the Bondholders. The Issuer or the Bond Trustee shall send a notice (a **Voting Notice**) to the Bondholders of each affected Tranche of Bonds, specifying the Voting Date (which shall initially be set with at least 21 clear days' notice) and Voting Matter(s) including the terms of any resolution to be proposed;
- (vi) each Bondholder shall have one vote in respect of each €1 (or its equivalent expressed in Euro on the basis of the Exchange Rate) of Principal Amount Outstanding of the Bonds held or represented by it;
- (vii) each Bondholder must vote prior to the close of business (London time) 24 hours prior to the Voting Date so that his votes can be included in a Block Voting Instruction which needs to be deposited at least 24 hours before the Voting Date; and
- (viii) on or before the Business Day immediately preceding the last day of the Decision Period, the Bond Trustee shall notify the Security Trustee, the Issuer and the Security Trustee in writing of whether or not the holders of each affected Tranche of Bonds then outstanding have passed an Extraordinary Resolution approving the relevant STID Proposal.

In order for an Extraordinary Resolution to be approved by the Bondholders (subject as provided below), two or more Bondholders representing 50 per cent. or more of the aggregate Principal Amount Outstanding of the Bonds for the time being outstanding, who for the time being are entitled to receive notice of an Other Voting Matter, need to participate in any initial Vote, provided that in respect of any Voting Matter the business of which includes any of the following matters (each of which, a **Basic Terms Modification** and which shall only be capable of being effected after having been approved by an Extraordinary Resolution) namely:

- (i) to change any date fixed for payment of principal or interest in respect of any Tranche of Bonds, to reduce or cancel the amount of principal or interest payable on any date in respect of any Tranche of Bonds or (other than as specified in

Condition 8 (*Redemption, Purchase and Cancellation*)) to alter the method of calculating the amount of any payment in respect of any Tranche of Bonds on redemption or maturity;

- (ii) to effect the exchange, conversion or substitution of any Tranche of Bonds for, or their conversion into, shares, notes 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 any Tranche of Bonds are payable other than pursuant to redenomination into Euro pursuant to Condition 19 (*European Economic and Monetary Union*);
- (iv) to alter any of the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments insofar as such alteration would adversely affect any Tranche of Bonds;
- (v) to change the quorum required or the majority required to pass an Extraordinary Resolution; or
- (vi) to amend this definition or this Condition 15(a) (*Passing of resolutions by Bondholders, Modifications and Waiver*),

two or more Bondholders representing 75 per cent. or more of the aggregate Principal Amount Outstanding of Bonds for the time being outstanding, who, for the time being are entitled to receive notice of such an Other Voting Matter, need to participate in any initial Vote.

The above percentage requirements of Bondholders who need to participate in a particular Other Voting Matter are referred to herein as the **Extraordinary Quorum Requirements**.

If, on a Voting Date, the Extraordinary Quorum Requirements are not satisfied for the transaction of any particular business then, subject and without prejudice to the transaction of the business (if any) for which the Extraordinary Quorum Requirements are satisfied, such Voting Date shall be postponed to the same day in the next week (or if such day is a public holiday the next succeeding business day) (an **Adjourned Voting Date**) except where an Extraordinary Resolution is to be proposed in which case the Adjourned Voting Date shall be a day (being a business day) during the period, being not less than seven clear days nor more than 14 clear days, subsequent to such Voting Date, and approved by the Bond Trustee. On any Adjourned Voting Date, one or more Votes (whatever the Principal Amount Outstanding of the Bonds then outstanding so held or represented by them) shall (subject as provided below) form a quorum and shall have the power to pass any Extraordinary Resolution or Ordinary Resolution and to decide upon all matters which could properly have been dealt with through the original Vote had the requisite Extraordinary Quorum Requirements been met, provided that on any Adjourned Voting Date the Extraordinary Quorum Requirements for the transaction of business comprising any of the matters specified to be a Basic Terms Modification shall be two or more Bondholders representing at least 25 per cent. of the aggregate Principal Amount Outstanding of the Bonds for the time being outstanding, who for the time being are entitled to receive notice of an Other Voting Matter, need to participate in such Vote.

Notice of any Adjourned Voting Date at which an Extraordinary Resolution is to be voted upon shall be given in the same manner as a Voting Notice but as if five days'

notice were substituted for 21 clear days' notice discussed above (in respect of an Other Voting Matter) and such notice shall state the relevant quorum.

Any resolution approved by the Bondholders in accordance with the terms hereof shall be binding upon all the Bondholders whether or not voting and upon all relevant Couponholders and each of them shall be bound to give effect thereto accordingly and the approval of any such resolution shall be conclusive evidence that the circumstances justify the approval thereof. Notice of the result of the voting on any resolution duly approved by the Bondholders shall be published in accordance with Condition 17 (*Notices*) by the Principal Paying Agent or the Registrar, as applicable, on behalf of, and at the instruction of, the Issuer within seven days of such result being known, provided that the non-publication of such notice shall not invalidate such result.

If and whenever the Issuer shall have issued and have outstanding more than one Tranche of Bonds the foregoing provisions of this Condition shall have effect subject to the following modifications:

- (i) a resolution which in the opinion of the Bond Trustee affects only one Tranche of Bonds shall be deemed to have been duly approved if approved through a separate Vote of the holders of that Tranche of Bonds;
- (ii) a resolution which in the opinion of the Bond Trustee affects holders of more than one Tranche of Bonds but does not give rise to a conflict of interest between the holders of any of the Tranches of Bonds so affected shall be deemed to have been duly approved if approved through a separate Vote of the holders of all the Tranches of the Bonds so affected;
- (iii) a resolution which in the opinion of the Bond Trustee affects more than one Tranche of Bonds and gives or may give rise to a conflict of interest between the holders of one Tranche of Bonds so affected and the holders of another Tranche of Bonds shall be deemed to have been duly approved only if approved through separate Votes of the holders of each Tranche of Bonds;
- (iv) in respect of all such approvals all the preceding provisions of this Condition shall apply *mutatis mutandis* as though references therein to Bonds and Bondholders were references to the Tranche of Bonds in question or to the holders of such Tranche of Bonds, as the case may be;
- (v) no Extraordinary Resolution involving a Basic Terms Modification (other than where such Basic Terms Modification is of the kind specified in limb (i) of the definition thereof and where such Basic Terms Modification is passed by the holders of all affected Tranches of Bonds in accordance with (vi)) that is approved by the holders of one Tranche of Bonds shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other Tranches of Bonds (to the extent that there are Bonds outstanding in each such other Tranche); and
- (vi) an Extraordinary Resolution involving a Basic Terms Modification of the kind specified in limb (i) of the definition thereof may be approved by the holders of all Tranches of Bonds adversely affected by such Basic Terms Modification (but need not be approved by the holders of Tranches of Bonds which are not affected thereby).

(b) *Modification, waiver and substitution*

As set out in the Bond Trust Deed and the STID (and subject to the conditions and qualifications therein), the Bond Trustee may, without the consent of the Bondholders or (subject as provided below) any other Secured Creditor, concur with the Issuer, any other Obligor or any other relevant parties or direct the Security Trustee to concur with the Issuer, any other Obligor or any other relevant parties in making (i) any modification to the Bond Trust Deed, the Conditions, the Bonds, the Receipts, the Coupons or the Finance Documents (subject as provided in the STID in relation to any Common Documents) or other document to which it or the Security Trustee is a party or in respect of which the Security Trustee holds security if in the opinion of the Bond Trustee such modification is made to correct a manifest error or is of a formal, minor, administrative or technical nature; or (ii) any modification (other than in respect of a Basic Terms Modification) to the Bond Trust Deed, the Conditions, the Bonds, the Receipts, the Coupons or any Finance Document (subject as provided in the STID in relation to any Common Documents) or other document to which the Bond Trustee or the Security Trustee is a party or in respect of which the Security Trustee holds security if the Bond Trustee or the Security Trustee (as the case may be) is of the opinion that such modification is not materially prejudicial to the interests of the holders of the Bonds then outstanding provided that to the extent such modification under (ii) above relates to an Entrenched Right, each of the affected Secured Creditors has given its prior written consent or where any Bondholders are affected Secured Creditors, the holders of each Tranche of Bonds affected thereby have sanctioned such modification.

The Bond Trustee is authorised to execute and deliver on behalf of the Bondholders all documentation required to implement such modification and such execution by the Bond Trustee shall bind each of the Bondholders as if such documentation had been duly executed by it.

As more fully set out in the Bond Trust Deed and the STID (and subject to the conditions and qualifications therein), the Bond Trustee may, without the consent of the Bondholders (subject as provided below) or any other Secured Creditor and without prejudice to its rights in respect of any subsequent breach or Event of Default, from time to time and at any time but only if and in so far as in its opinion the interests of the holders of the Bonds then outstanding shall not be materially prejudiced thereby waive or authorise (or direct the Security Trustee to waive or authorise) any breach or proposed breach by the Issuer of any of the covenants or provisions contained in the Conditions or any Finance Document (subject always as provided in the STID) or other document to which the Bond Trustee or the Security Trustee is a party or in respect of which it holds security or determine that any event which would otherwise constitute an Event of Default shall not be treated as such for the purposes of the Bond Trust Deed, provided that to the extent such event, matter or thing relates to an Entrenched Right, each of the affected Secured Creditors has given its prior written consent and provided further that the Bond Trustee shall not exercise such powers in contravention of any express direction given by an Extraordinary Resolution or of a request in writing made by, holders of not less than one-quarter in aggregate of the principal amount of the Bonds then outstanding (but no such direction or request shall affect any waiver or authorisation previously given or made) or so as to authorise or waive any such proposed breach or breach relating to any Basic Terms Modification.

If, following the Establishment Date, the Issuer proposes to appoint an additional rating agency (the Additional Rating Agency) to assign a credit rating to the Bonds, the Bond Trustee shall, without the consent or sanction of the Bondholders, the Receiptholders, the Couponholders or any Secured Creditor (other than any Secured Creditor which is party



to the relevant documents) and without liability therefor, agree to and make (and instruct the Security Trustee on behalf of the Bondholders to agree to and make) any modification proposed by the Issuer to the Bond Trust Deed, the Conditions, the Bonds, the Receipts, the Coupons and/or the other Finance Documents which the Issuer certifies to the Bond Trustee is necessary or desirable in order to give effect to the appointment of the Additional Rating Agency and the assignment of its initial credit rating to the Bonds, provided that S&P provides a rating confirmation that the then current rating of the Bonds will not be adversely affected by the proposed modifications.

The Bond Trustee shall, without the consent or sanction of any of the Bondholders and/or Couponholders of any class and (subject as provided below) any other Secured Creditor, concur with the Issuer, and/or direct the Security Trustee to concur with the Issuer, in making any modification to the Bonds and/or Coupons, the Conditions, these presents, the Security Documents and/or the other Finance Documents or giving its consent to any event, matter or thing that is requested by the Issuer in writing in order to comply with any criteria of the Rating Agencies which may be published after the Initial Issue Date and which modification(s) or consent(s) the Issuer certifies to the Bond Trustee and/or the Security Trustee (as applicable) in writing are required to avoid a downgrade, withdrawal or suspension of the then current ratings assigned by a Rating Agency to the Bonds provided that the provision of the STID relating to such modifications thereto shall apply.

The Bond Trustee shall, without the consent of any of the Bondholders or any other Secured Creditor, concur with the Issuer, and/or direct the Security Trustee to concur with the Issuer, in making any modifications to the Finance Documents and/or the Terms and Conditions of the Bonds that are requested by the Issuer in order to enable the Issuer and/or the Obligors solely to comply with any legal requirements which apply to it under Regulation (EU) 648/2012 (the **European Market Infrastructures Regulation** or **EMIR**), subject to receipt by the Bond Trustee and the Security Trustee of a certificate of the Issuer certifying to the Bond Trustee and the Security Trustee that the requested amendments are to be made solely for the purpose of enabling the Issuer and/or the Obligors to comply with its reporting, portfolio reconciliation and dispute resolution legal requirements under EMIR (and for no other purpose).

The Bond Trustee and the Security Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Bond Trustee or the Security Trustee, as applicable, would have the effect of (a) exposing the Bond Trustee or the Security Trustee, as applicable, to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction; or (b) increasing the obligations or duties, or decreasing the protections, of the Bond Trustee or the Security Trustee, as applicable, in the Finance Documents and/or the Terms and Conditions of the Bonds.

Any such modification, waiver, authorisation or determination may be given or made on such terms and subject to such conditions (if any) as the Bond Trustee may determine and shall be binding on the Bondholders of each relevant Tranche and the holders of all relevant Receipts and Coupons and the other Secured Creditors and notice thereof shall be given by the Issuer to the Bondholders as soon as practicable thereafter.

Notwithstanding that none of the Bond Trustee, the Security Trustee, the Bondholders or the other Secured Creditors may have any right of recourse against the Rating Agencies in respect of any Ratings Confirmation given by them and relied upon by the Bond Trustee or the Security Trustee, the Bond Trustee and the Security Trustee shall be entitled to assume, for the purposes of exercising any power, trust, authority, duty or discretion under or in relation to the Bonds or any Finance Document, that such exercise

will not be materially prejudicial to the interests of the Bondholders if any of the Rating Agencies has provided a Ratings Confirmation. Without prejudice to the foregoing, the Bondholders are deemed to agree for the benefit of the Rating Agencies only that a credit rating is, however, an assessment of credit and does not address other matters that may be of relevance to Bondholders. The Bond Trustee and the Bondholders agree and acknowledge that being entitled to rely on the fact that any of the Rating Agencies has delivered a Ratings Confirmation does not impose or extend any actual or contingent liability for such Rating Agency to the Bond Trustee, the Bondholders, any other Secured Creditor or any other person or create any legal relations between such Rating Agency and the Bond Trustee, the Bondholders, any other Secured Creditor or any other person whether by way of contract or otherwise.

As more fully set forth in the Bond Trust Deed (and subject to the conditions and qualifications therein), the Bond Trustee may, without the consent of the Bondholders or any other Secured Creditor, also agree with the Issuer to the substitution of another corporation, being a holding company of the Issuer, any subsidiary of such holding company or any subsidiary of the Issuer, in place of the Issuer as principal debtor in respect of the Bond Trust Deed and the Bonds.

## **16. Bond Trustee Protections**

### **(a) *Trustee considerations***

The Bond Trust Deed contains provisions for the indemnification of the Bond Trustee and for its relief from responsibility, including provisions relieving the Bond Trustee from taking action unless indemnified and/or secured and/or prefunded to its satisfaction.

Subject to Condition 16(b) (*Exercise of rights by Bond Trustee*), in connection with the exercise, under these Conditions, the Bond Trust Deed, any Issuer Transaction Document, of its rights, powers, trusts, authorities and discretions (including any modification, consent, waiver or authorisation), the Bond Trustee shall, where it is required to have regard to the interests of the Bondholders, have regard to the general interests of the holders of the Bonds then outstanding (as a class) provided that, if, in the Bond Trustee's opinion, there is a conflict of interest between the holders of two or more Series or Tranches of Bonds, it shall have regard to the interests of the holders of the Series or Tranche (as the case may be) then outstanding with the greatest Principal Amount Outstanding and will not have regard to the consequences of such exercise for the holders of other Series or Tranches of Bonds or, in any event, have regard to the consequences for individual Bondholders, resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory. The Bond Trustee shall not be entitled to require from the Issuer, nor shall any Bondholders be entitled to claim from the Issuer, the Bond Trustee, any indemnification or other payment in respect of any consequence (including any tax consequence) for individual Bondholders of any such exercise.

### **(b) *Exercise of rights by Bond Trustee***

Subject as provided in these Conditions and the Bond Trust Deed, the Bond Trustee will exercise its rights under, or in relation to, the Bond Trust Deed, the Conditions, and any Issuer Transaction Documents in accordance with the directions of the relevant Bondholders, but the Bond Trustee shall not be bound to take any such action unless it has (i) (a) been so requested in writing by the holders of at least 25 per cent. in nominal amount of the Bonds outstanding or (b) been so directed by an Extraordinary Resolution; and (ii) been indemnified and/or furnished with security or prefunding to its satisfaction.

The Bond Trustee shall be entitled to rely absolutely on a certificate or report of any director of the Issuer in relation to any matter and to accept without liability any such certificate or report as sufficient evidence of the relevant fact or matter stated in such certificate.

## **17. Notices**

Notices to holders of Registered Bonds will be posted to them at their respective addresses in the Register and deemed to have been given on the date of posting. Other notices to Bondholders will be valid if published in a leading daily newspaper having general circulation in the United Kingdom (which is expected to be the Financial Times). The Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of the Stock Exchange and any other listing authority, stock exchange and/or quotation system on which the Bonds are for the time being listed. Any such notice (other than to holders of Registered Bonds as specified above) shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made. Couponholders and Receiptholders will be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Bonds in accordance with this Condition 17 (*Notices*).

So long as any Bonds are represented by Global Bonds, notices in respect of those Bonds may be given only by delivery of the relevant notice to Euroclear or Clearstream, Luxembourg or any other relevant clearing system as specified in the relevant Final Terms or Pricing Supplement for communication by them to entitled account holders in substitution for publication in a daily newspaper with general circulation in London. Such notices shall be deemed to have been received by the Bondholders on the day of delivery to such clearing systems.

## **18. Indemnification of the Bond Trustee and the Security Trustee**

### **(a) *Indemnification of the Bond Trustee***

The Bond Trust Deed contains provisions for indemnification of the Bond Trustee, and for its relief from responsibility, including provisions relieving it from taking any action including taking proceedings against the Issuer and/or any other person unless indemnified and/or secured and/or prefunded to its satisfaction. The STID contains provisions for indemnification of the Security Trustee and for its relief from responsibility, including provisions relieving it from enforcing the Security unless it has been indemnified and/or secured and/or prefunded to its satisfaction.

Each of the Bond Trustee and the Security Trustee or any of their affiliates (as defined in Condition 7 (*Indexation*)) are entitled to enter into business transactions with the Issuer, the other Secured Creditors or any of their respective subsidiaries or associated companies without accounting for any profit resulting therefrom. Save as otherwise provided in these Conditions or any Issuer Transaction Document the Bond Trustee will only be required to take any action under or in relation to, or to enforce or protect the Security, or a document referred to therein, if so directed by an Extraordinary Resolution of the holders of the then outstanding Bonds or if so requested in writing by holders of at least 25 per cent. in nominal amount of the holders of any Tranche of the then outstanding Bonds and in all cases if indemnified and/or secured and/or prefunded to its satisfaction.

(b) *Directions, Duties and Liabilities*

The Bond Trustee, in the absence of its own wilful default, gross negligence or fraud, and in all cases when acting as directed by or subject to the agreement of the Bondholders shall not in any way be responsible for any loss, costs, damages or expenses or other liability, which may result from the exercise or non-exercise of any consent, waiver, power, trust, authority or discretion vested in the Bond Trustee pursuant to these Conditions, any Issuer Transaction Document or any ancillary document.

**19. European Economic and Monetary Union**

(a) *Notice of redenomination*

The Issuer may, without the consent of the Bondholders, and on giving at least 30 days' prior notice to the Bondholders, the Bond Trustee and the Principal Paying Agent, designate a date (the **Redenomination Date**), being an Interest Payment Date under the Bonds falling on or after the date on which the UK becomes a Participating Member State.

(b) *Redenomination*

Notwithstanding the other provisions of these Conditions, with effect from the Redenomination Date:

(i) the Bonds denominated in Sterling (the **Sterling Bonds**) shall be deemed to be redenominated into Euro in the denomination of €0.01 with a principal amount for each Bond equal to the principal amount of that Bond in Sterling, converted into Euro at the rate for conversion of such currency into Euro established by the Council of the European Union pursuant to the Treaty establishing the European Union, as amended (including compliance with rules relating to rounding in accordance with European Community regulations), provided, however, that, if the Issuer determines, with the agreement of the Bond Trustee, that the then current market practice in respect of the redenomination into €0.01 of internationally offered securities is different from that specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Bondholders, the Stock Exchange and any stock exchange (if any) on which the Bonds are then listed and the Principal Paying Agent of such deemed amendments;

(ii) if Bonds have been issued in definitive form:

(A) all Bonds denominated in Sterling will become void with effect from the date (the **Euro Exchange Date**) on which the Issuer gives notice (the **Euro Exchange Notice**) to the Bondholders and the Bond Trustee that replacement Bonds denominated in Euro are available for exchange (provided that such Bonds are available) and no payments will be made in respect thereof;

(B) the payment obligations contained in all Bonds denominated in Sterling will become void on the Euro Exchange Date but all other obligations of the Issuer thereunder (including the obligation to exchange such Bonds in accordance with this Condition 19 (*European Economic and Monetary Union*)) shall remain in full force and effect; and

- (C) new Bonds denominated in Euro will be issued in exchange for Sterling Bonds in such manner as the Principal Paying Agent or the Registrar, as the case may be, may specify and as such shall be notified to the Bondholders in the Euro Exchange Notice;
- (iii) all payments in respect of the Sterling Bonds (other than, unless the Redenomination Date is on or after such date as Sterling ceases to be a subdivision of the Euro, payments of interest in respect of periods commencing before the Redenomination Date) will be made solely in Euro by cheque drawn on, or by credit or transfer to a Euro account (or any other account to which Euro may be credited or transferred) maintained by the payee with a bank in the principal financial centre of any Participating Member State; and
- (iv) a Bond may only be presented for payment on a day which is a business day in the place of presentation.

(c) *Interest*

Following redenomination of the Bonds pursuant to this Condition 19 (*European Economic and Monetary Union*), where Sterling Bonds have been issued in definitive form, the amount of interest due in respect of the Sterling Bonds will be calculated by reference to the aggregate principal amount of the Sterling Bonds presented for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest €0.01.

## 20. Limited Recourse

Each of the Secured Creditors, including the Bondholders, agrees that notwithstanding any other provision of the Issuer Transaction Documents but without prejudice to the Guarantee, all obligations of the Issuer to the Secured Creditors, including its obligations under the Bonds and the Issuer Transaction Documents, are limited in recourse to the Issuer Charged Property. If:

- (a) there is no Issuer Charged Property remaining which is capable of being realised or otherwise converted into cash;
- (b) all amounts available from the Issuer Charged Property have been applied to meet or provide for the relevant obligations specified in, and in accordance with, the provisions of the STID; and
- (c) there are insufficient amounts available from the Issuer Charged Property to pay in full, in accordance with the STID, the Secured Liabilities of the Issuer or any other present and future obligations and liabilities (whether actual or contingent) of the Issuer to any Secured Creditor under each Finance Document,

then the Secured Creditors shall have no further claim against the Issuer in respect of any amounts owing to them which remain unpaid and such unpaid amounts shall be deemed to be discharged in full and any relevant payment rights shall be deemed to cease.

## 21. Miscellaneous

(a) *Governing Law*

The Bond Trust Deed, the STID, the CTA, the Bonds, the Coupons, the Receipts, the Talons (if any), the Security Agreement and the other Issuer Transaction Documents are,

and all non-contractual or other obligations arising from or in connection with such documents shall be governed by, and shall be construed in accordance with, English law. The Security Documents (other than the Security Agreement which will be governed by English law) shall be governed by, and all non-contractual obligations arising out of or in connection therewith shall be construed in accordance with, Finnish and Luxembourg law, as applicable.

(b) *Jurisdiction*

The Issuer irrevocably agrees, for the benefit of the Bond Trustee and the Bondholders that, the courts of England and Wales are to have jurisdiction to settle any dispute that may arise out of or in connection with the Bond Trust Deed, the STID, the CTA, the Security Agreement, the Bonds, the Coupons, the Receipts, the Talons and the other Issuer Transaction Documents and accordingly submits to the exclusive jurisdiction of the English courts and any legal action or proceedings arising out of or in connection with the Bonds, the Coupons, the Receipts, the Talons (if any) and/or the Issuer Transaction Documents may be brought in such courts. In relation to the Security Documents (other than the Security Agreement) the courts of Helsinki, the City of Luxembourg and Amsterdam (as applicable) are to have jurisdiction to settle any dispute that may arise out of or in connection therewith. The Issuer has in each of the Finance Documents to which it is a party irrevocably submitted to the jurisdiction of the relevant courts (as applicable).

(c) *Third-Party Rights*

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

(d) *Rights Against the Issuer*

Under the Bond Trust Deed, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to interests in the Bonds will (subject to the terms of the Bond Trust Deed) acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Global Bond became void, they had been the registered Holders of Bonds in an aggregate principal amount equal to the principal amount of Bonds they were shown as holding in the records of Euroclear, Clearstream, Luxembourg or any other relevant clearing system (as the case may be).

(e) *Clearing System Accountholders*

References in the Conditions of the Bonds to **Bondholder** are references to the bearer of the relevant Bearer Global Bond or the registered holder of the Global Bond.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, as the case may be, as being entitled to an interest in a Global Bond (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 such Accountholder and in relation to all other rights arising under the Global Bond. The extent to which, and the manner in which, Accountholders may exercise any rights arising under a Global Bond will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system (as the

case may be) from time to time. For so long as the relevant Bonds are represented by a Global Bond, Accountholders shall have no claim directly against the Issuer.

(f) *Appointment of Process Agent*

Each of the Issuer and the Guarantors appoint Law Debenture Corporate Services Limited of Fifth floor, 100 Wood Street, London EC2V 7EX as its agent for service of process, and undertakes that, in the event of Law Debenture Corporate Services Limited ceasing so to act, it will appoint another person approved by the Bond Trustee as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

## 22. Definitions

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

**Block Voting Instruction** means:

(a) in relation to voting by the holders of Bearer Bonds:

- (i) a document in the English language issued by a Paying Agent;
- (ii) certifying that the Deposited Bonds have been deposited with such Paying Agent (or to its order at a bank or other depositary) or blocked in an account with a clearing system and will not be released until the earlier of:
  - (A) close of business (London time) on the Voting Date; and
  - (B) the surrender to such Paying Agent, not less than 24 hours before the Voting Date of the receipt for the Deposited Bonds and notification thereof by such Paying Agent to the Bond Trustee;
- (iii) certifying that the depositor of each Deposited Bond or a duly authorised person on its behalf has instructed the relevant Paying Agent that the Votes attributable to such Deposited Bond are to be cast in a particular way on a Voting Matter and that, until the end of the Voting Period, such instructions may not be amended or revoked;
- (iv) listing the aggregate principal amount and (if in definitive form) the serial numbers of the Deposited Bonds, distinguishing between those in respect of which instructions have been given to Vote for, or against, such Voting Matter; and
- (v) authorising the Principal Paying Agent or a tabulation agent, as proxy for the holders of the Deposited Bonds, to vote in respect of the Deposited Bonds in connection with such Voting Matter in accordance with such instructions and the provisions of the Bond Trust Deed;

(b) in relation to voting by the holders of Registered Bonds:

- (i) a document in the English language issued by the Registrar or the Principal Paying Agent;

- (ii) certifying:
  - (A) (where the Registered Bonds are represented by a Global Bond) that certain specified Registered Bonds (each a **Blocked Bond**) have been blocked in an account with a clearing system and will not be released until close of business (London time) on the Voting Date and that the holder of each Blocked Bond or a duly authorised person on its behalf has instructed the Registrar that the Votes attributable to such Blocked Bond are to be cast in a particular way on a Voting Matter; or
  - (B) (where the Registered Bonds are represented by Registered Definitive Bonds) that each registered holder of certain specified Registered Bonds (each a **Relevant Bond**) or a duly authorised person on its behalf has instructed the Registrar that those Votes attributable to each Relevant Bond held by it are to be cast in a particular way on such Voting Matter; and

in each case that, until the end of the Voting Period, such instructions may not be amended or revoked;
- (iii) listing the aggregate principal amount of the Blocked Bonds and the Relevant Bonds, distinguishing between those in respect of which instructions have been given to Vote for, or against, such Voting Matter; and
- (iv) authorising the Principal Paying Agent, or a tabulation agent, as proxy for the holders of the Deposited Bonds, to vote in respect of the Blocked Bonds and the Relevant Bonds in connection with such Voting Matter in accordance with such instructions and the provisions of the Bond Trust Deed;

**Bond Relevant Date** means, in respect of any Tranche of the Bonds, the earlier of (a) the date on which all amounts in respect of the Bonds have been paid; and (b) five days after the date on which all of the Principal Amount Outstanding (adjusted in the case of Index-Linked Bonds in accordance with Condition 7(b) (*Application of the Index Ratio*)) has been received by the Principal Paying Agent or the Registrar, as the case may be, and notice to that effect has been given to the Bondholders in accordance with Condition 17 (*Notices*);

**Business Day** means:

- (a) in all cases, Helsinki and London;
- (b) in relation to any sum payable in Sterling, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange currency deposits) in London;
- (c) 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 London and each (if any) additional city or cities specified in the relevant Final Terms or Pricing Supplement; and
- (d) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments, in the principal financial centre of the Relevant Currency (which in the case of a payment in U.S. Dollars shall be New York) and in each (if any) additional city or cities specified in the relevant Final Terms or Pricing Supplement.



**Business Day Convention** means the business day convention specified in the Final Terms or Pricing Supplement;

**Calculation Amount** means the amount specified as such in the relevant Final Terms or Pricing Supplement;

**Day Count Fraction** means, in respect of the calculation of an amount of interest on any Bond for any period of time (whether or not constituting an Interest Period, the **Calculation Period**):

(a) if **Actual/Actual (ICMA)** is specified:

(i) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(ii) if the Calculation Period is longer than one Determination Period, the sum of:

(A) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Periods normally ending in any year; and

(B) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Periods normally ending in any year,

where:

**Determination Date** means the date specified as such in the Final Terms or Pricing Supplement or, if none is so specified, the Interest Payment Date;

**Determination Period** means the period from and including a Determination Date in any year to but excluding the next Determination Date;

(b) if **Actual/365** or **Actual/Actual** is specified, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366, and (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(c) if **Actual/365 (Fixed)** is specified, the actual number of days in the Calculation Period divided by 365;

(d) if **Actual/360** is specified, the actual number of days in the Calculation Period divided by 360;

(e) if **30/360**, **360/360** or **Bond Basis** is specified, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Calculation

Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and

- (f) if **30E/360** or **Eurobond Basis** is specified, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of the final Calculation Period, the last day of such period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month);

**Deposited Bond** means certain specified Bearer Bonds which have been deposited with a Paying Agent (or to its order at a bank or other depository) or blocked in an account with a clearing system, for the purposes of the issuance of a Block Voting Instruction;

**Euro or euro** means the lawful currency of the Participating Member States;

**Final Maturity Date** means the date specified in the relevant Final Terms or Pricing Supplement as the final date on which the principal amount of the Bond is due and payable;

**Indexation Adviser** means an internationally recognised investment bank or financial adviser recognised as having expertise in indexation matters appointed by the Issuer in such capacity to perform certain functions in respect of Index-Linked Bonds as set out in the Conditions;

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

**Interest Determination Date** means, with respect to an Interest Rate and an Interest Period, the date specified as such in the relevant Final Terms or Pricing Supplement or, if none is so specified, the day falling two Business Days in London prior to the first day of such Interest Period (or if the specified currency is Sterling the first day of such Interest Period) (as adjusted in accordance with any Business Day Convention (as defined above) specified in the relevant Final Terms or Pricing Supplement);

**Interest Payment Date** means the date(s) specified as such in the relevant Final Terms or Pricing Supplement;

**Interest Period** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

**Interest Rate** means the rate of interest payable from time to time in respect of the Bonds and which is either specified as such in, or calculated in accordance with the provisions of, these Conditions and/or the relevant Final Terms or Pricing Supplement;

**ISDA Definitions** means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of Bonds as published by the International Swaps and Derivatives Association, Inc.);

**Issue Date** means the date specified as such in the relevant Final Terms or Pricing Supplement;

**Margin** means the rate per annum (expressed as a percentage) specified as such in the relevant Final Terms or Pricing Supplement;

**Page** means such page, section, caption, column or other part of a particular information service (including the Reuters Money 3000 Service (**Reuters**)) as may be specified in the relevant Final Terms or Pricing Supplement, or such other page, section, caption, column or other part as may replace the same on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying comparable rates or prices;

**Participating Member State** means a Member State of the European Communities which adopts the Euro as its lawful currency in accordance with the Treaty establishing the European Communities (as amended), and **Participating Member States** means all of them;

**Payment Business Day** means:

- (a) if the currency of payment is euro, any day which is:
  - (i) 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
  - (ii) in the case of payment by transfer to an account, a day on which the TARGET2 system is open and a day on which dealings in foreign currencies may be carried on in each (if any) Relevant Financial Centre; or
- (b) if the currency of payment is not euro, any day which is:
  - (i) 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
  - (ii) 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) Relevant Financial Centre;

**Principal Amount Outstanding** means:

- (a) in relation to a Bond (other than a Zero Coupon Bond) or a Tranche, the original face value thereof less any repayment of principal made to the Holder(s) thereof in respect of such Bond or Tranche; and
- (b) in relation to a Zero Coupon Bond, where the Principal Amount Outstanding of any Zero Coupon Bond is required to be calculated on any date other than the Redemption Date, the Principal Amount Outstanding shall be calculated in accordance with the following formula:

"The aggregate nominal amount of the relevant Tranche of Zero Coupon Bonds on the Issue Date thereof \* (1 + Accrual Yield) ^ N"

*Where:*

N = number of years between the Issue Date and the date on which the relevant calculation is required to be made; and

**Accrual Yield** shall have the meaning given to it in the relevant Final Terms or Pricing Supplement.

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 or Pricing Supplement for the purposes of Condition 8(d) (*Mandatory redemption upon application of amounts standing to the credit of the Defeasance Account*) (or, if none is so specified, a Day Count Fraction of 30/360);

**Redemption Amount** means the amount provided under Condition 8(b) (*Optional Redemption*), unless otherwise specified in the relevant Final Terms or Pricing Supplement;

**Reference Banks** means the institutions specified as such in the Final Terms or Pricing Supplement or, if none is so specified, four major banks selected by the Agent Bank (or the Calculation Agent, if applicable) in the interbank market (or, if appropriate, money market) which is most closely connected with the Relevant Rate as determined by the Agent Bank (or the Calculation Agent, if applicable), on behalf of the Issuer, in its sole and absolute discretion;

**Relevant Currency** means the currency specified as such or, if none is specified, the currency in which the Bonds are denominated;

**Relevant Financial Centre** means, with respect to any Bond, the financial centre specified as such in the relevant Final Terms or Pricing Supplement or, if none is so specified, the financial centre with which the Relevant Rate is most closely connected as determined by the Agent Bank (or the Calculation Agent, if applicable);

**Relevant Rate** means either “USD LIBOR”, “GBP LIBOR”, “CAD LIBOR”, “EURIBOR”, “CHF LIBOR”, “JPY LIBOR”, “SIBOR”, “HIBOR”, “NZD LIBOR” and “CNH LIBOR” for a Representative Amount of the Relevant Currency for a period (if applicable) equal to the Specified Duration (or such other rate as shall be specified in the relevant Final Terms or Pricing Supplement);

**Relevant Time** means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified in the relevant Final Terms or Pricing Supplement or, if none is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre;

**Representative Amount** means, with respect to any rate to be determined on an Interest Determination Date, the amount specified in the relevant Final Terms or Pricing Supplement as such or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time;

**Specified Currency** has the meaning given to it in the applicable Final Terms or Pricing Supplement;

**Specified Denomination** has the meaning given to it in the applicable Final Terms or Pricing Supplement;

**Specified Duration** means, with respect to any Floating Rate (as defined in the ISDA Definitions) to be determined on an Interest Determination Date, the period or duration specified as such in the relevant Final Terms or Pricing Supplement or, if none is specified, a period of time equal to the relative Interest Period;

**STID Proposal** means a STID Proposal other than an Entrenched Right STID Proposal;

**Stock Exchange** means the London Stock Exchange plc or any other or further stock exchange(s) on which any bonds from time to time may be listed and references to the relevant Stock Exchange shall, in relation to any Bonds, be references to the Stock Exchange on which such Bonds are, from time to time, or are intended to be, listed;

**sub-unit** means in the case of any currency, the lowest amount of such currency that was available as legal tender in the country of such currency;

**TARGET Settlement Day** means any day on which the TARGET2 system is open;

**TARGET2 system** means the Trans European Automated Real Time Gross Settlement Express Transfer system (TARGET or TARGET2);

**Vote** means an instruction from a Bondholder to the Principal Paying Agent or a tabulation agent to vote on its behalf as its proxy in respect of a Voting Matter, such instructions to be given in accordance with the Bond Trust Deed;

**Voting Date** means:

- (a) in respect of a STID Proposal:
  - (i) in respect of a Decision Period, the Business Day immediately preceding the last day of such Decision Period; and
  - (ii) in respect of a Decision Period that is extended in respect of an Ordinary Voting Matter or an Extraordinary Voting Matter in accordance with the relevant provisions of the STID, the last date of such extended Decision Period; and
- (b) in respect of any other Voting Matter, the date set out in the relevant Voting Notice;

**Voting Matter** means any matter which is required to be approved by the Bondholders including, without limitation:

- (a) any STID Proposal which requires the approval of the Bondholders;
- (b) any direction to be given by the Bondholders to the Bond Trustee (in its capacity as the Secured Creditor Representative of the Bondholders) to challenge the determination of the voting category made by Elenia Oy in a STID Proposal, and/or (where the Bondholders are an Affected Secured Creditor) whether a STID Proposal gives rise to an Entrenched Right;
- (c) any directions required or entitled to be given by Bondholders pursuant to the Finance Documents; and
- (d) any other matter which requires the approval of or consent of the Bondholders;

**Voting Period** means the period ending on the Voting Date or, if earlier, the date of the Voting Notice issued by the Security Trustee in respect of such Voting Matter (if applicable).

## FORMS OF THE BONDS

Bonds may, subject to all applicable legal and regulatory requirements, be issued in Series comprising either Bearer Bonds or Registered Bonds, as specified in the relevant Final Terms or Pricing Supplement. The Bonds may comprise one or more Tranches.

### **Bearer Bonds**

Each Tranche of Bonds initially issued in bearer form will be issued either as a Temporary Bearer Global Bond, without Receipts, Coupons or Talons attached, or a Permanent Global Bond, without Receipts, Coupons or Talons attached, in each case as specified in the relevant Final Terms or Pricing Supplement. Each Temporary Global Bond or, as the case may be, Permanent Global Bond (each a **Bearer Global Bond**) which is not intended to be issued in new global bond (NGB) form, as specified in the relevant Final Terms or Pricing Supplement, will be delivered on or prior to the Issue Date of the relevant Tranche of the Bonds to a Common Depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system on or about the Issue Date of the relevant Tranche. Each Bearer Global Bond which is intended to be issued in NGB form, as specified in the relevant Final Terms or Pricing Supplement, will be delivered on or prior to the Issue Date of the relevant Tranche of the Bonds to a Common Safekeeper for Euroclear and/or Clearstream, Luxembourg.

Where the Bearer Global Bonds issued in respect of any Tranche are in NGB form, Euroclear and Clearstream, Luxembourg will be notified by or on behalf of the Issuer whether or not such Bearer Global Bonds are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Bearer Global Bonds are to be so held does not necessarily mean that the Bonds of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGBs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

In the case of each Tranche of Bonds in bearer form the relevant Final Terms or Pricing Supplement will also specify whether U.S. Treasury Regulation §1.163-5(c)(2)(i)(C) (or substantially identical successor United States Treasury Regulation section, including without limitation, substantially identical successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the **TEFRA C Rules**) or U.S. Treasury Regulation §1.163-5(c)(2)(i)(D) (or substantially identical successor United States Treasury Regulation section, including without limitation, substantially identical successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the **TEFRA D Rules**) are applicable in relation to the Bonds or, if the Bonds do not have a maturity of more than one year, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

### ***Temporary Bearer Global Bond Exchangeable for Permanent Bearer Global Bond***

If the relevant Final Terms or Pricing Supplement specify the form of Bonds as being represented by "Temporary Bearer Global Bond exchangeable for a Permanent Bearer Global Bond", then the Bonds will initially be in the form of a Temporary Global Bond which will be exchangeable, in whole or in part, for interests in a Permanent Global Bond, without Receipts, Coupons or Talons attached, not earlier than 40 days after the Issue Date of the relevant Tranche of the Bonds upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Bond unless exchange for interests in the Permanent Global Bond is improperly withheld or refused. In addition, payments of interest in respect of the Bonds cannot be collected without such certification of non-U.S. beneficial ownership.

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

- (a) presentation and (in the case of final exchange) surrender of the Temporary Global Bond at the specified office of the Principal Paying Agent; and
- (b) receipt by the Principal Paying Agent of a certificate or certificates of non-U.S. beneficial ownership issued by Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, within seven days of the bearer requesting such exchange.

The principal amount of the Permanent Global Bond shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership, provided, however, that in no circumstances shall the principal amount of the Permanent Global Bond exceed the aggregate initial principal amount of the Temporary Global Bond and any Temporary Global Bond representing a fungible Tranche of Bonds with the Tranche of Bonds represented by the first Temporary Global Bond.

The Permanent Global Bond will be exchangeable in whole, but not in part, for Bonds in definitive form (each, a **Definitive Bond**):

- (i) if the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Bond Trustee is available; or
- (ii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Bonds in definitive form and a certificate to such effect from two Directors of the Issuer has been given to the Bond Trustee.

Whenever the Permanent Global Bond is to be exchanged for Definitive Bonds, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Bonds, duly authenticated and with Receipts, Coupons and Talons attached (if so specified in the relevant Final Terms or Pricing Supplement), in an aggregate principal amount equal to the principal amount of the Permanent Global Bond to the bearer of the Permanent Global Bond against the surrender of the Permanent Global Bond at the specified office of the Principal Paying Agent within 30 days of the bearer requesting such exchange but not earlier than 40 days after the Issue Date of such Bonds.

#### ***Temporary Global Bond Exchangeable for Definitive Bonds***

If the relevant Final Terms or Pricing Supplement specifies the form of Bonds as being "Temporary Global Bonds exchangeable for Definitive Bonds", then the Bonds will initially be in the form of a Temporary Global Bond which will be exchangeable, in whole or in part, for Definitive Bonds not earlier than 40 days after the Issue Date of the relevant Tranche of the Bonds upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Bonds cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Bond is to be exchanged for Definitive Bonds, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Bonds, duly authenticated and with Receipts, Coupons and Talons attached (if so specified in the relevant Final Terms or Pricing Supplement), in an aggregate principal amount equal to the principal amount of the Temporary Global Bond so exchanged to the bearer of the Temporary Global Bond against the presentation (and in the case of final exchange, surrender) of the Temporary Global Bond at the specified office of the Principal

Paying Agent within 30 days of the bearer requesting such exchange but not earlier than 40 days after the issue of such Bonds.

If the relevant Final Terms or Pricing Supplement specify the form of Bonds as being "Temporary Global Bonds exchangeable for Definitive Bonds", such Temporary Global Bonds and such Definitive Bonds may only be issued and traded in denominations equal to the Specified Denomination and integral multiples thereof.

#### ***Permanent Global Bond Exchangeable for Definitive Bonds***

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

- (a) if the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention to permanently cease business or have in fact done so and no successor clearing system satisfactory to the Bond Trustee is available; or
- (b) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Bonds in definitive form and a certificate to such effect from two Directors of the Issuer has been given to the Bond Trustee.

Whenever the Permanent Global Bond is to be exchanged for Definitive Bonds, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Bonds, duly authenticated and with Receipts, Coupons and Talons attached (if so specified in the relevant Final Terms or Pricing Supplement), in an aggregate principal amount equal to the principal amount of the Permanent Global Bond to the bearer of the Permanent Global Bond against the surrender of the Permanent Global Bond at the specified office of the Principal Paying Agent within 30 days of the bearer requesting such exchange but not earlier than 40 days after the Issue Date of such Bonds.

In the event that a Global Bond is exchanged for Definitive Bonds, such Definitive Bonds shall be issued in Specified Denomination(s) only. Bondholders who hold Bonds in the relevant clearing system in amounts that are not integral multiples of a Specified Denomination may need to purchase or sell, on or before the relevant date of exchange, a principal amount of Bonds such that their holding is an integral multiple of a Specified Denomination.

#### ***Conditions Applicable to the Bonds***

The Conditions applicable to any Definitive Bond will be endorsed on that Bond and will consist of the Conditions set out under "*Terms and Conditions of the Bonds*" above and the provisions of the relevant Final Terms or Pricing Supplement which complete those Conditions.

The Conditions applicable to any Global Bond will differ from those Conditions which would apply to the Definitive Bond to the extent described under "*Provisions Relating to the Bonds while in Global Form*" below.

#### ***Legend Concerning United States Persons***

Permanent Global Bonds and Definitive Bonds having a maturity of more than one year and any Receipts, Coupons and Talons appertaining thereto will bear a legend to the following effect unless the relevant Final Terms or Pricing Supplement specifies that the TEFRA C Rules are applicable or that TEFRA does not apply:



*"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."*

The sections referred to in such legend provide that a United States person who holds a Bond, Receipt, Coupon or Talon will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Bond, Receipt, Coupon or Talon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

Bearer Bonds will only be transferable in accordance with the procedures of the Euroclear or Clearstream, Luxembourg and/or any other relevant clearing system (as applicable).

### ***Registered Bonds***

Any Registered Bond will be represented on issue by one or more Regulation S Global Bonds or Rule 144A Global Bonds of each Tranche. Regulation S Global Bonds and Rule 144A Global Bonds are referred to collectively as the **Registered Global Bonds**.

Each Regulation S Global Bond will be deposited on or about the Issue Date with either: (a) a common depositary for Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system, in the case of a Regulation S Global Bond which will not be held under the new safekeeping structure (**New Safekeeping Structure** or **NSS**), and registered in the name of a nominee of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system; or (b) a common safekeeper for Euroclear and/or Clearstream, Luxembourg, in the case of a Regulation S Global Bond to be held under the New Safekeeping Structure, and registered in the name of a nominee of the common safekeeper. Each Rule 144A Global Bond will either: (i) be deposited with a custodian for, and registered in the name of a nominee of, DTC; or (ii) be deposited with a common depositary for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system.

Where the Regulation S Global Bonds issued in respect of any Tranche are held under the NSS, Euroclear and Clearstream, Luxembourg will be notified by or on behalf of the Issuer whether or not such Regulation S Global Bonds are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Regulation S Global Bonds are to be so held does not necessarily mean that the Bonds of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The common safekeeper for NSSs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

Beneficial interests in a Registered Global Bond may be held only through DTC or Euroclear or Clearstream, Luxembourg or their participants at any time. See *"Book-Entry Clearance Procedure"* below.

Beneficial interests in Registered Global Bonds will be subject to certain restrictions on transfer set out in this Prospectus, in the relevant Final Terms or Pricing Supplement, and in the Agency Agreement, and such Registered Global Bonds will bear the applicable legends regarding the restrictions set out in the relevant Final Terms or Pricing Supplement.

Except in the limited circumstances described below, owners of beneficial interests in Registered Global Bonds will not be entitled to receive physical delivery of certificated Bonds.

### ***Exchange for Registered Definitive Bonds***

Each Registered Global Bond will be exchangeable, free of charge to the holder, on or after its Individual Exchange Date (as defined below), in whole but not in part, for definitive bonds in fully registered form (**Registered Definitive Bonds**):

- (a) in the case of Registered Global Bonds registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depositary for the Registered Global Bonds and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the U.S. Exchange Act of 1934, as amended, and no alternative clearing system is available;
- (b) in the case of Registered Global Bonds registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Bond Trustee is available; and
- (c) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Bonds in definitive form and a certificate to such effect from two Directors of the Issuer has been given to the Bond Trustee.

The Registrar will not register the transfer of, or exchange of interests in, a Registered Global Bond for Registered Definitive Bonds for a period of 15 calendar days ending on the date for any payment of principal or interest in respect of the relevant Tranche of Bonds.

If only one of the Registered Global Bonds (the **Exchanged Registered Global Bond**) becomes exchangeable for Registered Definitive Bonds in accordance with the above paragraphs, transfers of Bonds may not take place between, on the one hand, persons holding Registered Definitive Bonds issued in exchange for beneficial interests in the Exchanged Registered Global Bond and, on the other hand, persons wishing to purchase beneficial interests in the other Registered Global Bond.

**Individual Exchange Date** means a day falling not less than 30 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Registrar and any Transfer Agent is located.

In such circumstances, the relevant Registered Global Bond shall be exchanged in full for Registered Definitive Bonds and the Issuer will, at the cost of the Issuer (but against such indemnity as the Registrar or any relevant Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Definitive Registered Bonds to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Bondholders. A person having an interest in a Registered Global Bond must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Registered Definitive Bonds.

### ***Legends and Transfers***

The holder of a Registered Definitive Bond may transfer the Bonds represented thereby in whole or in part in the applicable minimum denomination by surrendering it at the specified office of the Registrar or any Transfer Agent, together with the completed form of transfer thereon. Upon the transfer, exchange or replacement of a Registered Definitive Bond or upon specific request for removal of the legend on a Registered Definitive Bond, the Issuer will deliver only Registered Definitive Bonds that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer

and the Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set out therein are required to ensure compliance with the provisions of the Securities Act and the Investment Company Act.

### **Provisions Relating to the Bonds while in Global Form**

Global Bonds will contain provisions that apply to the Bonds which they represent, some of which modify the effect of the Conditions of the Bonds as set out in this Prospectus. The following is a summary of certain of those provisions:

(a) Cancellation

Cancellation of any Bond represented by a Global Bond that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the principal amount of the relevant Global Bond.

(b) Notices

So long as any Bonds are represented by a Global Bond and such Global Bond is held on behalf of DTC, Euroclear, Clearstream, Luxembourg or any other relevant clearing system, notices to the Bondholders may be given, subject always to listing requirements, by delivery of the relevant notice to DTC, Euroclear, Clearstream, Luxembourg or any other relevant clearing system for communication by it to entitled Accountholders in substitution for publication as provided in the Conditions. Such notices shall be deemed to have been received by the Bondholders on the date of delivery to such clearing systems.

(c) Record date

Each payment in respect of a Registered Global Bond will be made to the person shown as the Holder in the Register 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 Registered Global Bond is being held is open for business.

(d) Payments

All payments in respect of the Global Bonds which, according to the Conditions, require presentation and/or surrender of a Bond 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 Bond 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 Bonds. On each occasion on which a payment of principal or interest is made in respect of the Global Bonds, the Issuer shall procure that the payment is noted in a schedule thereto and the payment is entered *pro rata* in the records of DTC, Euroclear and Clearstream, Luxembourg, as the case may be.

(e) Payment Business Day

Notwithstanding the definition of **Payment Business Day** in Condition 22 (*Definitions*), while all the Bonds are represented by a Permanent Bearer Global Bond (or by a Permanent Global Bond and/or a Temporary Global Bond) or a Registered Global Bond and the Permanent Bearer Global Bond is (or the Permanent Global Bond and/or the Temporary Global Bond are), or the Registered Global Bond is deposited with a depositary or a common depositary or a common safekeeper for DTC and/or Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, **Payment Business Day** means:

- (i) if the currency of payment is euro, any day on which the TARGET2 system is open and a day on which dealings in foreign currencies may be carried on in each (if any) Relevant Financial Centre; or
  - (ii) 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) Relevant Financial Centre.
- (f) Redemption at the Option of the Issuer

For so long as all of the Bonds are represented by one or both of the Global Bonds and such Global Bond(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, no selection of Bonds to be redeemed will be required under Condition 8(b) (*Optional Redemption*) in the event that the Issuer exercises its option pursuant to Condition 8(b) (*Optional Redemption*) in respect of less than the aggregate principal amount of the Bonds outstanding at such time. In such event, the partial redemption will be effected *pro rata* in accordance with the rules and procedures of Euroclear and/or Clearstream, Luxembourg.

### ***Eurosystem Eligibility***

The Issuer will notify the ICSDs and the Paying Agents upon issue whether the Bonds are intended, or are not intended, to be held in a manner which would allow Eurosystem eligibility and deposited with one of the ICSDs as common safekeeper (and in the case of registered Bonds, registered in the name of a nominee of one of the ICSDs acting as common safekeeper). Where the Bonds are not intended to be deposited with one of the ICSDs as common safekeeper upon issuance, should the Eurosystem eligibility criteria be amended in the future such that the Bonds are capable of meeting such criteria, the Bonds may then be deposited with one of the ICSDs as common safekeeper. Where the Bonds are so deposited with one of the ICSDs as common safekeeper (and in the case of registered Bonds, registered in the name of a nominee of one of the ICSDs acting as common safekeeper) upon issuance or otherwise, this does not necessarily mean that the Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at issuance or at any time during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

### ***Issuer-ICSDs Agreement***

Prior to the issuance of any NGBs, the Issuer will enter into an Issuer-ICSDs Agreement with Euroclear Bank S.A./N.V. and Clearstream Banking SA (the **ICSDs**) in respect of any Bonds issued in NGB form. The Issuer-ICSDs Agreement provides that the ICSDs will, in respect of any such NGBs, maintain their respective portion of the issue outstanding amount through their records. The Issuer-ICSDs Agreement will be governed by English law.

## BOOK-ENTRY CLEARANCE PROCEDURE

*The information set out below has been obtained from DTC, Euroclear or Clearstream, Luxembourg (together, the **Clearing Systems**). The Issuer and the Guarantors accept responsibility for the accurate reproduction of such information from information published by the Clearing Systems and so far as the Issuer and the Guarantors are aware and are able to ascertain from the information published by the Clearing Systems, no facts have been omitted which would render the reproduced information inaccurate or misleading. In particular, such information is subject to any change in or reinterpretation of the rules, regulations and procedures of the Clearing Systems currently in effect and investors wishing to use the facilities of any of the Clearing Systems are therefore advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System.*

### **Euroclear and Clearstream, Luxembourg**

Custodial and depositary links have been established between Euroclear and Clearstream, Luxembourg to facilitate the initial issue of each Series of the Bonds and cross-market transfers of the Bonds associated with secondary market trading. Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book-entry transfers between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Investors may hold their interests in Global Bonds directly through Euroclear or Clearstream, Luxembourg if they are accountholders (**Direct Participants**) or indirectly (**Indirect Participants** and, together with Direct Participants, **Participants**) through organisations which are accountholders therein.

### **DTC**

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a "banking organisation" within the meaning of the New York Banking Law, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants deposit with DTC. DTC also facilitates the settlement among its participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in participants' accounts. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly.

### **Book-Entry Ownership**

Each Bearer Global Bond will have an ISIN and a common code and will be deposited with a common depositary on behalf of Euroclear and Clearstream, Luxembourg or a common safekeeper on behalf of Euroclear and Clearstream, Luxembourg (as applicable). Each Regulation S Global Bond will have an ISIN and a common code and will be registered in the name of a common depositary on behalf of DTC or Euroclear and Clearstream, Luxembourg or a common safekeeper on behalf of DTC or Euroclear and Clearstream, Luxembourg (as applicable). Each Rule 144A Global Bond will have a CUSIP, an ISIN and a common code and will be registered in the name of a common depositary on behalf of DTC or Euroclear and Clearstream, Luxembourg or a common safekeeper on behalf of DTC or Euroclear and Clearstream, Luxembourg (as applicable).

## **Payments and Relationship of Participants with Clearing Systems**

Each of the persons shown in the records of DTC, Euroclear or Clearstream, Luxembourg as the holder of a Bond represented by a Global Bond must look solely to DTC, Euroclear or Clearstream, Luxembourg (as the case may be) for his share of each payment made by the Issuer to the holder of such Global Bond and in relation to all other rights arising under the Global Bond, subject to and in accordance with the respective rules and procedures of DTC, Euroclear or Clearstream, Luxembourg. The Issuer expects that, upon receipt of any payment in respect of Bonds represented by a Global Bond, the common depositary by whom such Bond is held, or nominee in whose name it is registered, will immediately credit the relevant participants' or accountholders' accounts in the relevant Clearing System with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Bond as shown on the records of the relevant Clearing System or its nominee. The Issuer also expects that payments by Direct Participants in any Clearing System to owners of beneficial interests in any Global Bond held through such Direct Participants in any Clearing System will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Bonds for so long as the Bonds are represented by such Global Bond and the obligations of the Issuer will be discharged by payment to the registered holder, as the case may be, of such Global Bond in respect of each amount so paid.

## **Settlement and Transfer of Bonds**

Subject to the rules and procedures of each applicable Clearing System, purchases of Bonds held within a Clearing System must be made by or through Direct Participants, which will receive a credit for such Bonds on the Clearing System's records. The ownership interest of each actual purchaser of each such Bond (the **Beneficial Owner**) will in turn be recorded on the Direct Participant and Indirect Participant's records. Transfers of ownership interests in Bonds held within the Clearing System will be effected by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial owners will not receive certificates representing their ownership interests in such Bonds, unless and until interests in any Global Bond held within a Clearing System are exchanged for Bearer Definitive Bonds or Registered Definitive Bonds.

## PRO FORMA FINAL TERMS

Final Terms dated [●]

### ELENIA FINANCE OYJ

**Issue of [Tranche [–[●]]] [Aggregate Nominal Amount of Tranche] [Fixed Rate][Floating Rate][Zero-Coupon][Index-Linked][Instalment] Bonds**

**under the €3,000,000,000**

### Multicurrency Programme for the Issuance of Bonds

**unconditionally and irrevocably guaranteed as to payments of interest and principal by Elenia Oy, Elenia Heat, Elenia Palvelut Oy, Elenia Holdings S.à r.l., Elenia Finance (SPPS) S.à. r.l. and Lakeside Network Investments Holding B.V.**

## PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the Prospectus dated [●] [and the supplemental or drawdown prospectus dated [●]] which [together] constitute[s] a base prospectus (the **Base Prospectus**) for the purposes of the Prospectus Directive (Directive 2003/71/EC) as amended (the **Prospectus Directive**). This document constitutes the Final Terms of the Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus. Full information on the Issuer, the Guarantors and the offer of the Bonds is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus [and the supplemental/drawdown Prospectus] [is] [are] available for viewing at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> and copies may be obtained from the specified office of the Paying Agents.

1. Issuer: Elenia Finance Oyj
2.
  - (a) Series Number: [●]
  - (b) Tranche Number: [●]
  - (c) Date on which the Bonds will be considered and form a single series: [Not Applicable] [The Bonds shall be consolidated, form a single series and be interchangeable for trading purposes with [●] on [the Issue Date/exchange of the Temporary Global Bond for interests in the Permanent Global Bond, as referred to in paragraph 22 below (*Form of Bonds*:), which is expected to occur on or about [●]]
3. Specified Currency or Currencies: [●]
4. Aggregate Nominal Amount of Bonds admitted to trading:
  - (a) Series: [●]
  - (b) Tranche: [●]

5. Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]]
6. (a) Specified Denominations: [●][€/£100,000/\$200,000 and integral multiples of [€/£/\$1,000] in excess thereof up to and including [€/£99,000/\$199,000]. No Bonds in definitive form will be issued with a denomination of integral multiples above [€/£99,000/\$199,000]]
- (b) Calculation Amount: [€/£/\$]1,000
7. (a) Issue Date: [●]
- (b) Interest Commencement Date: [●] [Issue Date] [Not Applicable]
8. Final Maturity Date: [●]
9. Instalment Date: [Not Applicable][●]
10. Interest Basis: [[●] per cent. Fixed Rate]  
[[USD LIBOR/GBP LIBOR/CAD LIBOR/EURIBOR/  
CHF LIBOR/JPY LIBOR/SIBOR/HIBOR/NZD  
LIBOR/CNH HIBOR] +/- [●] per cent. Floating Rate]  
[Zero Coupon]  
[Index-Linked Interest]
11. Redemption/Payment Basis: [Redemption at par]  
[Index-Linked Redemption]  
[Instalment, in the following Instalment Amount on  
each Instalment Date specified above in paragraph [9  
(*Instalment Date*): [●]]
12. Change of Interest or  
Redemption/Payment Basis: [●] [Not Applicable]
13. Call Option: [Issuer Optional Redemption – Condition 8(b)  
(*Optional Redemption*) and paragraph 19 below  
(*Issuer Optional Redemption*) applies] [Not  
Applicable]
14. [Date [Board] approval for issuance of [●] and [●] respectively]  
Bonds [and giving of the Guarantees]  
obtained:

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. Fixed Rate Bond Provisions: [Applicable/Not Applicable]
- (a) Interest Rate: [●] per cent. per annum [payable [annually/semi-  
annually/quarterly/monthly] in arrears on each Interest  
Payment Date]
- (b) Screen Rate Determination:
- Relevant Rate: [●]



- Interest Determination Date(s): [●]
  - Page: [●]
  - Relevant Time: [●]
- (c) ISDA Determination:
- Floating Rate Option: [●]
  - Specified Duration (if other than the relevant Interest Period): [●]/[Not Applicable]
  - Reset Date: [●]
- (d) Representative Amount: [●]
- (e) Reference Banks: [●]
- (f) Interest Determination Date: [●] in each year
- (g) Interest Payment Date(s): [●] [and [●]] in each year
- (h) First Interest Payment Date: [●]
- (i) Fixed Coupon Amount[(s)]: [●] per Calculation Amount
- (j) Day Count Fraction: [Actual/Actual (ICMA)] [Actual/365 or Actual/Actual] [Actual/365 Fixed] [Actual/360] [30/360 or 360/360 or Bond basis] [30E/360 or Eurobond Basis]
16. Floating Rate Bond Provisions: [Applicable/Not Applicable]
- (a) Specified Period(s): [●]
- (b) Specified Interest Payment Dates: [●] in each year [subject to adjustment in accordance with the Business Day Convention set out in paragraph (d) below (*Business Day Convention*)]
- (c) First Interest Payment Date: [●]
- (d) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (e) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (f) Party responsible for calculating the Rate(s) of Interest, Interest Amount(s): [Not Applicable]/[●] as Calculation Agent]

and Redemption Amount (if not the Agent Bank):

- (g) Screen Rate Determination:
  - Relevant Rate: [•]
  - Interest Determination Date(s): [•]
  - Page: [•]
  - Relevant Time: [•]
- (h) ISDA Determination:
  - Floating Rate Option: [•]
  - Specified Duration (if other than the relevant Interest Period): [•]/[Not Applicable]
  - Reset Date: [•]
  - Designated Maturity: [•]
- (i) Margin(s): [+/-][•] per cent. per annum
- (j) Minimum Rate of Interest: [[•] per cent. per annum] [Not Applicable]
- (k) Maximum Rate of Interest: [[•] per cent. per annum] [Not Applicable]
- (l) Day Count Fraction: [Actual/Actual (ICMA)] [Actual/365 or Actual/Actual] [Actual/365 Fixed] [Actual/360] [30/360 or 360/360 or Bond Basis] [30E/360 or Eurobond Basis]
- (m) Representative Amount: [•]
- (n) Reference Banks: [•]
- 17. Zero Coupon Bond Provisions: [Applicable/Not Applicable]
  - (a) Accrual Yield: [•] per cent. per annum
  - (b) Reference Price: [•]
  - (c) Day Count Fraction in relation to Redemption Amounts and late payment: [As set out in Condition 8(d) [(Mandatory redemption upon application of amounts standing to the credit of the Defeasance Account)]] [•]
- 18. Index-Linked Bond Provisions: [Applicable/Not Applicable]
  - (a) Index/Formula: [Finnish Consumer Price Index]

- (b) Interest Rate: [Fixed, calculated in accordance with paragraph 15 above (*Fixed Rate Bond Provisions*:)][Floating, calculated in accordance with paragraph 16 above (*Floating Rate Bond Provisions*)]
- (c) Screen Rate Determination:
- Relevant Rate: [●]
  - Interest Determination Date(s): [●]
  - Page: [●]
  - Relevant Time: [●]
- (d) ISDA Determination:
- Floating Rate Option: [●]
  - Specified Duration (if other than the relevant Interest Period): [●]/[Not Applicable]
  - Reset Date: [●]
- (e) Representative Amount: [●]
- (f) Reference Banks: [●]
- (g) Party responsible for calculating the Rate(s) of Interest, Interest Amount and Redemption Amount(s) (if not the Agent Bank): [Not Applicable]/[●] as Calculation Agent]
- (h) Provisions for determining Interest in the event of changes in circumstances, disruptions, cessation of fundamental changes to the Index: Applicable – Condition 7(c) (*Changes in Circumstances Affecting the Index*) and 7(e) (*Cessation of or Fundamental Changes to the Index*)
- (i) Interest or calculation period(s): [●]
- (j) Interest Payment Dates: [●] in each year [subject to adjustment in accordance with the Business Day Convention set out in paragraph (l) below (*Business Day Convention*)]
- (k) First Interest Payment Date: [●]
- (l) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]

- (m) Minimum Indexation Factor: [Not Applicable][●]
- (n) Maximum Indexation Factor: [Not Applicable][●]
- (o) Base Index Figure: [●]
- (p) Limited Indexation Month(s): [●]
- (q) Day Count Fraction: [Actual/Actual (ICMA)] [Actual/365 or Actual/Actual] [Actual/365 Fixed] [Actual/360] [30/360 or 360/360 or Bond Basis] [30E/360 or Eurobond Basis]

## PROVISIONS RELATING TO REDEMPTION

- 19. Issuer Optional Redemption: [Applicable in accordance with Condition [8(b)] (*Optional Redemption*)] [Not Applicable]
  - (a) Optional Redemption Date(s): Any Interest Payment Date [falling on or after [●] and at a premium of [●]]
  - (b) Redemption Amount(s) of each Bond: [[●] per Calculation Amount][Alternative Redemption Amount][Modified Redemption Amount]
  - (c) If redeemable in part:
    - (i) Minimum Redemption Amount: [●] per Calculation Amount
    - (ii) Maximum Redemption Amount: [●] per Calculation Amount
  - (d) Notice period: [●]
  - (e) Alternative Redemption Amount: [[●] per Calculation Amount][Not Applicable]
  - (f) Modified Redemption Amount: [[●] per Calculation Amount][Not Applicable]
  - (g) Comparable German Bund Issue: [[●] per Calculation Amount][Not Applicable]
  - (h) Comparable Treasury Issue: [[●] per Calculation Amount][Not Applicable]
  - (i) Reference Gilt: [[●] per Calculation Amount][Not Applicable]
  - (j) Par-Call Option: [Applicable in accordance with Condition 8(b)(vii)][Not Applicable]
  - (k) Percentage specified for the Redemption Rate, if other than as set out in Condition 8(b)(vi): [●] per cent.
- 20. Redemption Amount of each Bond: [●] per Calculation Amount

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

- (a) Index/Formula/variable: [Finnish Consumer Price Index]
  - (b) Party responsible for calculating the Redemption Amount (if not the Agent Banks): [Not Applicable]/[●] as Calculation Agent]
  - (c) Provisions for determining Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: The Redemption Amount of each Bond shall be determined in accordance with Condition 8(b) (*Optional Redemption*)
  - (d) Determination Date(s): [●]
  - (e) Provisions for determining Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: Applicable – Condition 7(c) (*Changes in Circumstances Affecting the Index*) and 7(e) (*Cessation of or Fundamental Changes to the Index*)
  - (f) Payment Date: [●]
  - (g) Minimum Redemption Amount: [●] per Calculation Amount
  - (h) Maximum Redemption Amount: [●] per Calculation Amount
21. Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption: [●] per Calculation Amount

#### GENERAL PROVISIONS APPLICABLE TO THE BONDS

22. Form of Bonds: [Bearer/Registered]
- (a) If issued in Bearer form: [Temporary Bearer Global Bond exchangeable for a Permanent Bearer Global Bond which is exchangeable for Definitive Bonds in the limited circumstances specified in the Permanent Global Bond (TEFRA D Rules apply)]
- [Temporary Global Bond exchangeable for Definitive Bonds on [●] days' notice (TEFRA D Rules apply)]

[Permanent Global Bond exchangeable for Definitive Bonds in the limited circumstances specified in the Permanent Global Bond (TEFRA C Rules apply)]

[Permanent Global Bond exchangeable for Definitive Bonds in the limited circumstances specified in the Permanent Global Bond (Neither TEFRA C Rules nor TEFRA D Rules apply)]

- (b) If Registered Bonds: [[Rule 144A Global Bond/Regulation S Global Bond] registered in the name of a nominee for [a common depository for [DTC/Euroclear and Clearstream, Luxembourg] [●]]/a common safekeeper for Euroclear and Clearstream, Luxembourg exchangeable for Registered Definitive Bonds on [●] days' notice in the circumstances specified in the Registered Global Bond.]
23. New Global Bond: [Yes][No]
24. New Safekeeping Structure [Yes][No]
25. Relevant Financial Centre(s): [Not Applicable][●]
26. Talons for future Coupons or Receipts to be attached to Definitive Bonds (and dates on which such Talons mature): [No][Yes]
27. Details relating to Instalment Bonds: [Not Applicable]
- (a) Instalment Date: [●]
- (b) Instalment Amount: [●]
28. Alternative Clearing System [●]
29. Additional Business Days: [●]

### THIRD-PARTY INFORMATION

[[●] has been extracted from [●]. 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 [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: .....

Duly authorised

Signed on behalf of Elenia Oy:

By: .....

Duly authorised

Signed on behalf of Elenia Lämpö Oy:

By: .....

Duly authorised

Signed on behalf of Elenia Palvelut Oy:

By: .....

Duly authorised

Signed on behalf of Elenia Holdings S.à r.l.:

By: .....

Duly authorised

Signed on behalf of Elenia Finance (SPPS) S.à. r.l.:

By: .....

Duly authorised

Signed on behalf of Lakeside Network Investments Holding B.V.:

By: .....

Duly authorised

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (a) Listing: London
- (b) Admission to trading: Application has been made by the Issuer (or on its behalf) for the Bonds to be admitted to trading on the London Stock Exchange's regulated market and listing on the Official List of the UK Listing Authority with effect from [●]
- Application is expected to be made by the Issuer (or on its behalf) for the Bonds to be admitted to trading on the London Stock Exchange's regulated market and listing on the Official List of the UK Listing Authority and this is expected to be effective from [●]
- (c) Estimate of total expenses related to admission to trading: [●]

### 2. RATINGS

- Ratings: The Bonds to be issued [have been] [are expected to be] rated:
- [Fitch Ratings Ltd (**Fitch**): [●]]
- [Moody's Investor Services Ltd (**Moody's**): [●]]
- [Standard & Poor's Credit Market Services Europe Limited (**S&P**): [●]]

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

[●]/[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 Bonds has an interest material to the offer.]

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

- (a) Reasons for the offer: [●]
- (b) Estimated net proceeds: [●]
- (c) Estimated total expenses: [●]



5. **[YIELD (FIXED RATE BONDS [●]) INDICATION OF YIELD**

6. **[PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING**

(a) Name of underlying index: Finnish Consumer Price Index (CPI) [(all items)] published by Statistics Finland

(b) Information about the Index, its volatility and past and future performance can be obtained from: Information on CPI can be found at [●]

7. **OPERATIONAL INFORMATION**

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, *société anonyme* and the relevant identification number(s): [Not Applicable][●]

Delivery: Delivery [against/free of] payment

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

Name and address of Calculation Agent (if any): [●]

ISIN Code: [●]

Common Code: [●]

## PRO FORMA PRICING SUPPLEMENT

Set out below is a form of Pricing Supplement for use in connection with Exempt Bonds issued under the Programme. This *pro forma* Pricing Supplement is subject to completion and amendment to set out the terms upon which each Tranche or Series of Exempt Bonds is to be issued.

### IMPORTANT NOTICE

*In accessing the attached pricing supplement (the Pricing Supplement) you agree to be bound by the following terms and conditions.*

The information contained in the Pricing Supplement may be addressed to and/or targeted at persons who are residents of particular countries only as specified in the Pricing Supplement and/or in the Prospectus (as defined in the Pricing Supplement) and is not intended for use and should not be relied upon by any person outside those countries and/or to whom the offer contained in the Pricing Supplement is not addressed. Prior to relying on the information contained in the Pricing Supplement, you must ascertain from the Pricing Supplement and/or Prospectus whether or not you are an intended addressee of the information contained therein.

Neither the Pricing Supplement nor the Prospectus constitutes an offer to sell or the solicitation of an offer to buy securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, exemption from registration or qualification under the securities law of any such jurisdiction.

**NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC AS AMENDED (THE PROSPECTUS DIRECTIVE) FOR THIS ISSUE OF BONDS. THE BONDS WHICH ARE THE SUBJECT OF THIS PRICING SUPPLEMENT ARE NOT COMPLIANT WITH THE PROSPECTUS DIRECTIVE AND THE UK LISTING AUTHORITY HAS NEITHER APPROVED NOR REVIEWED THE INFORMATION CONTAINED IN THIS PRICING SUPPLEMENT.**

Pricing Supplement dated [●]

### ELENIA FINANCE OYJ

**Issue of [Tranche [–[●]] [Aggregate Nominal Amount of Tranche] [Fixed Rate][Floating Rate][Zero-Coupon][Index-Linked][Instalment]] Bonds**

**under the €3,000,000,000**

### **Multicurrency Programme for the Issuance of Bonds**

**unconditionally and irrevocably guaranteed as to payments of interest and principal by Elenia Oy, Elenia Lämpö Oy, Elenia Palvelut Oy, Elenia Holdings S.à r.l., Elenia Finance (SPPS) S.à. r.l. and Lakeside Network Investments Holding B.V.**

The Prospectus referred to below (as completed by this Pricing Supplement) has been prepared on the basis that any offer of Bonds in any member state of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Bonds. Accordingly, any person making or

intending to make an offer in that Relevant Member State of the Bonds may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Bonds in any other circumstances.

## PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the Prospectus dated [●] [and the supplemental or drawdown prospectus dated [●] which [together] constitute[s] a base prospectus (the **Base Prospectus**)] for the purposes of the Prospectus Directive (Directive 2003/71/EC) as amended (the **Prospectus Directive**). This document constitutes the Pricing Supplement of the Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus. Full information on the Issuer, the Guarantors and the offer of the Bonds is only available on the basis of the combination of the Pricing Supplement and the Base Prospectus. The Base Prospectus [and the supplemental/drawdown Prospectus] [is] [are] available for viewing at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> and copies may be obtained from the specified office of the Paying Agents.

1. Issuer: Elenia Finance Oyj
2. (a) Series Number: [●]  
 (b) Tranche Number: [●]  
 (c) Date on which the Bonds will be considered and form a single series: [Not Applicable] [The Bonds shall be consolidated, form a single series and be interchangeable for trading purposes with [●] on [the Issue Date/exchange of the Temporary Global Bond for interests in the Permanent Global Bond, as referred to in paragraph 23 below, which is expected to occur on or about [●]]]
3. Specified Currency or Currencies: [●]
4. Aggregate Nominal Amount of Bonds admitted to trading:  
 (a) Series: [●]  
 (b) Tranche: [●]
5. Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]]
6. (a) Specified Denominations: [●][€/\$100,000/\$200,000 and integral multiples of [€/\$1,000] in excess thereof up to and including [€/\$99,000/\$199,000]. No Bonds in definitive form will be issued with a denomination of integral multiples above [€/\$99,000/\$199,000]]  
 (b) Calculation Amount: [€/\$]1,000
7. (a) Issue Date: [●]

- (b) Interest Commencement Date: ☐ [Issue Date] ☐ [Not Applicable]
8. Final Maturity Date: ☐
9. Instalment Date: ☐ [Not Applicable]
10. Interest Basis: ☐ per cent. Fixed Rate]  
☐ +/- ☐ per cent. Floating Rate]  
☐ Zero Coupon]  
☐ Index-Linked Interest]  
☐ Other (specify)]
11. Redemption/Payment Basis: [Redemption at par]  
[Index-Linked Redemption]  
[Instalment, in the following Instalment Amount on each Instalment Date specified above in paragraph [9 (*Instalment Date*)): ☐
[Other (specify)]
12. Change of Interest or Redemption/Payment Basis: ☐ [Not Applicable]
13. Call Option: [Issuer Optional Redemption – Condition 8(b) (*Optional Redemption*) and paragraph 19 below (*Issuer Optional Redemption*) applies ☐ [Not Applicable]
14. [Date ☐ [Board] approval for issuance of Bonds [and giving of the Guarantees] obtained: ☐ and ☐ respectively]
15. Method of Distribution: ☐

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

16. Fixed Rate Bond Provisions: ☐ [Applicable/Not Applicable]
- (a) Interest Rate: ☐ per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrears on each Interest Payment Date]
- (b) Screen Rate Determination:
- Relevant Rate: ☐
  - Interest Determination Date(s): ☐
  - Page: ☐
  - Relevant Time: ☐
- (c) ISDA Determination:

- Floating Rate Option: [•]
  - Specified Duration (if other than the relevant Interest Period): [•]/[Not Applicable]
  - Reset Date: [•]
- (d) Representative Amount: [•]
- (e) Reference Banks: [•]
- (f) Interest Determination Date: [•] in each year
- (g) Interest Payment Date(s): [•] [and [•]] in each year
- (h) First Interest Payment Date: [•]
- (i) Fixed Coupon Amount[(s)]: [•] per Calculation Amount
- (j) Day Count Fraction: [Actual/Actual (ICMA)] [Actual/365 or Actual/Actual] [Actual/365 Fixed] [Actual/360] [30/360 or 360/360 or Bond basis] [30E/360 or Eurobond Basis]
- (k) Other terms applicable: [•]
17. Floating Rate Bond Provisions: [Applicable/Not Applicable]
- (a) Specified Period(s): [•]
- (b) Specified Interest Payment Dates: [•] in each year [subject to adjustment in accordance with the Business Day convention set out in paragraph (d) below (*Business Day Convention*)]
- (c) First Interest Payment Date: [•]
- (d) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (e) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (f) Party responsible for calculating the Rate(s) of Interest, Interest Amount(s) and Redemption Amount (if not the Agent Bank): [Not Applicable]/[[•] as Calculation Agent]
- (g) Screen Rate Determination:
- Relevant Rate: [•]

- Interest Determination Date(s): [•]
  - Page: [•]
  - Relevant Time: [•]
- (h) ISDA Determination:
- Floating Rate Option: [•]
  - Specified Duration (if other than the relevant Interest Period): [•]/[Not Applicable]
  - Reset Date: [•]
  - Designated Maturity: [•]
- (i) Margin(s): [+/-][•] per cent. per annum
- (j) Minimum Rate of Interest: [[•] per cent. per annum] [Not Applicable]
- (k) Maximum Rate of Interest: [[•] per cent. per annum] [Not Applicable]
- (l) Day Count Fraction: [Actual/Actual (ICMA)] [Actual/365 or Actual/Actual] [Actual/365 Fixed] [Actual/360] [30/360 or 360/360 or Bond Basis] [30E/360 or Eurobond Basis]
- (m) Representative Amount: [•]
- (n) Reference Banks: [•]
- (o) Financial Centre: [•]
- (p) Additional Financial Centre: [•]
- (q) Other terms applicable: [•]
18. Zero Coupon Bond Provisions: [Applicable/Not Applicable]
- (a) Accrual Yield: [•] per cent. per annum
- (b) Reference Price: [•]
- (c) Any other formula/basis of determining amount payable: [•]
- (d) Business Days: [•]
- (e) Additional Business Centre(s): [•]
- (f) Day Count Fraction in relation [As set out in Condition 8(d) [(Mandatory redemption

- to Redemption Amounts and late payment: *upon application of amounts standing to the credit of the Defeasance Account)]* [●]
19. Index-Linked Bond Provisions: [Applicable/Not Applicable]
- (a) Index/Formula: [Finnish Consumer Price Index]
- (b) Interest Rate: [Fixed, calculated in accordance with paragraph 16 above (*Fixed Rate Bond Provisions*)] [Floating, calculated in accordance with paragraph 17 above (*Floating Rate Bond Provisions*)]
- (c) Screen Rate Determination:
- Relevant Rate: [●]
  - Interest Determination Date(s): [●]
  - Page: [●]
  - Relevant Time: [●]
- (d) ISDA Determination:
- Floating Rate Option: [●]
  - Specified Duration (if other than the relevant Interest Period): [●]/[Not Applicable]
  - Reset Date: [●]
- (e) Representative Amount: [●]
- (f) Reference Banks: [●]
- (g) Party responsible for calculating the Rate(s) of Interest, Interest Amount and Redemption Amount(s) (if not the Agent Bank): [Not Applicable]/[●] as Calculation Agent]
- (h) Provisions for determining Interest in the event of changes in circumstances, disruptions, cessation of fundamental changes to the Index: Applicable – Condition 7(c) (*Changes in Circumstances Affecting the Index*) and 7(e) (*Cessation of or Fundamental Changes to the Index*)
- (i) Interest or calculation period(s): [●]
- (j) Interest Payment Dates: [●] in each year (subject to adjustment in accordance with the Business Day Convention set out in paragraph (l) below (*Business Day Convention*))

- (k) First Interest Payment Date: [●]
- (l) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (m) Minimum Indexation Factor: [Not Applicable][●]
- (n) Maximum Indexation Factor: [Not Applicable][●]
- (o) Base Index Figure: [●]
- (p) Limited Indexation Month(s): [●]
- (q) Day Count Fraction: [Actual/Actual (ICMA)] [Actual/365 or Actual/Actual] [Actual/365 Fixed] [Actual/360] [30/360 or 360/360 or Bond Basis] [30E/360 or Eurobond Basis]
- (r) Other terms or special conditions: [●]

#### PROVISIONS RELATING TO REDEMPTION

- 20. Issuer Optional Redemption: [Applicable in accordance with Condition [8(b)] (*Optional Redemption*) [Not Applicable]
- (a) Optional Redemption Date(s): Any Interest Payment Date [falling on or after [●] and at a premium of [●]]
- (b) Redemption Amount(s) of each Bond: [[●] per Calculation Amount][Alternative Redemption Amount][Modified Redemption Amount]
- (c) If redeemable in part:
  - (i) Minimum Redemption Amount: [●] per Calculation Amount
  - (ii) Maximum Redemption Amount: [●] per Calculation Amount
- (d) Notice period: [●]
- (e) Alternative Redemption Amount: [[●] per Calculation Amount][Not Applicable]
- (f) Modified Redemption Amount: [[●] per Calculation Amount][Not Applicable]
- (g) Comparable German Bund Issue: [[●] per Calculation Amount][Not Applicable]
- (h) Comparable Treasury Issue: [[●] per Calculation Amount][Not Applicable]
- (i) Reference Gilt: [[●] per Calculation Amount][Not Applicable]



- (j) Par-Call Option: [Applicable in accordance with Condition 8(b)(vii)][Not Applicable]
- (k) Percentage specified for the Redemption Rate, if other than as set out in Condition 8(b)(vi): [●] per cent.
21. Redemption Amount of each Bond: [●] per Calculation Amount
- In cases where the Redemption Amount is Index-Linked or other variable-linked:
- (a) Index/Formula/variable: [Finnish Consumer Price Index]
- (b) Party responsible for calculating the Redemption Amount (if not the Agent Banks): [Not Applicable]/[●] as Calculation Agent]
- (c) Provisions for determining Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: The Redemption Amount of each Bond shall be determined in accordance with Condition 8(b) (*Optional Redemption*)
- (d) Determination Date(s): [●]
- (e) Provisions for determining Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: Applicable – Condition 7(c) (*Changes in Circumstances Affecting the Index*) and 7(e) (*Cessation of or Fundamental Changes to the Index*)
- (f) Payment Date: [●]
- (g) Minimum Redemption Amount: [●] per Calculation Amount
- (h) Maximum Redemption Amount: [●] per Calculation Amount
22. Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption: [●] per Calculation Amount

#### GENERAL PROVISIONS APPLICABLE TO THE BONDS

23. Form of Bonds: [Bearer/Registered]
- (a) If issued in Bearer form: [Temporary Bearer Global Bond exchangeable for a

Permanent Bearer Global Bond which is exchangeable for Definitive Bonds in the limited circumstances specified in the Permanent Global Bond (TEFRA D Rules apply))

[Temporary Global Bond exchangeable for Definitive Bonds on [●] days' notice (TEFRA D Rules apply)]

[Permanent Global Bond exchangeable for Definitive Bonds in the limited circumstances specified in the Permanent Global Bond (TEFRA C Rules apply)]

[Permanent Global Bond exchangeable for Definitive Bonds in the limited circumstances specified in the Permanent Global Bond (Neither TEFRA C Rules nor TEFRA D Rules apply)]

- (b) If Registered Bonds: [[Rule 144A Global Bond/Regulation S Global Bond] registered in the name of a nominee for [a common depositary for [DTC/Euroclear and Clearstream, Luxembourg] [●]]/a common safekeeper for Euroclear and Clearstream, Luxembourg exchangeable for Registered Definitive Bonds on [●] days' notice in the circumstances specified in the Registered Global Bond]
24. New Global Bond: [Yes][No]
25. New Safekeeping Structure [Yes][No]
26. Relevant Financial Centre(s): [Not Applicable][●]
27. Talons for future Coupons or Receipts to be attached to Definitive Bonds (and dates on which such Talons mature): [No][Yes]
28. Details relating to Instalment Bonds: [Not Applicable]
- (a) Instalment Date: [●]
- (b) Instalment Amount: [●]
29. Alternative Clearing System: [●]
30. Additional Business Days: [●]

### THIRD-PARTY INFORMATION

[[●] has been extracted from [●]. 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 [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: .....

Duly authorised

Signed on behalf of Elenia Oy:

By: .....

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Signed on behalf of Elenia Lämpö Oy:

By: .....

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Signed on behalf of Elenia Palvelut Oy:

By: .....

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Signed on behalf of Elenia Holdings S.à r.l.:

By: .....

Duly authorised

Signed on behalf of Elenia Finance (SPPS) S.à. r.l.:

By: .....

Duly authorised

Signed on behalf of Lakeside Network Investments Holding B.V.:

By: .....

Duly authorised

## **PART B – OTHER INFORMATION**

### **1. LISTING AND ADMISSION TO TRADING**

- (a) Listing: [●]
- (b) Admission to trading: [●]  
[●]  
[Not Applicable]
- (c) Estimate of total expenses related to admission to trading: [●]

### **2. RATINGS**

- Ratings: The Bonds to be issued [have been] [are expected to be] rated:  
  
[Fitch Ratings Ltd (**Fitch**): [●]]  
  
[Moody's Investor Services Ltd (**Moody's**): [●]]  
  
[Standard & Poor's Credit Market Services Europe Limited (**S&P**): [●]]

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

[●]/[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 Bonds has an interest material to the offer]

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

- (a) Reasons for the offer: [●]
- (b) Estimated net proceeds: [●]
- (c) Estimated total expenses: [●]

### **5. [YIELD (Fixed Rate Bonds only) [●]]** Indication of Yield:

### **6. [PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING**

- (a) Name of underlying Index: Finnish Consumer Price Index (**CPI**) (all items) published by Statistics Finland
- (b) Information about the Index, its Information on CPI can be found at [●]]

volatility and past and future performance can be obtained from:

## 7. OPERATIONAL INFORMATION

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking *Société Anonyme* and the relevant identification number(s): [Not Applicable][●]

Delivery: Delivery [against/free of] payment

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

Name and address of Calculation Agent (if any): [●]

ISIN Code: [●]

Common Code: [●]

Eurosystem eligibility: [●]

## DESCRIPTION OF INITIAL LIQUIDITY FACILITY PROVIDERS

The information contained in this section has been provided to the Issuer by the Initial Liquidity Facility Providers listed herein. The Issuer has not independently verified such information. So far as the Issuer is aware and is able to ascertain from information published by the Initial Liquidity Facility Providers listed herein, no facts have been omitted which would render any information contained herein to be inaccurate or misleading.

### **Crédit Agricole Corporate and Investment Bank (Crédit Agricole CIB)**

Crédit Agricole CIB is the Corporate and Investment Banking arm of the Crédit Agricole Group, the world's ninth largest bank by total assets (The Banker, July 2015).

Crédit Agricole CIB offers its clients a comprehensive range of products and services in capital markets, investment banking, structured finance and corporate banking.

The Bank provides support to clients in large international markets through its network with a presence in major countries in Europe, America, Asia and the Middle East.

The Global Markets division handles all the sales and trading activities of standard and structured market products for corporate, financial institution and large issuers.

Crédit Agricole CIB has a network of 20 trading rooms, including five liquidity centres in London, Paris, New York, Hong Kong and Tokyo, providing its clients with strong positioning in Europe, Asia and the Middle East. It has a targeted presence in the United States and additional entry points in other local markets.

In order to best satisfy the specific requirements of its clients, the Global Markets division is organised around a Clients Division, a Trading Division and a transversal functions group. These trading and sales entities are supported by dedicated research units.

In each of these activities, Crédit Agricole CIB ranks among the world's top players.

Ratings Agencies	Credit Agricole CIB	
	Short Term	Long Term
Standard & Poor's (December 2015)	A-1	A (stable outlook)
Fitch Ratings (July 2015)	F1	A (positive outlook)
Moody's (June 2015)	P-1	A2 (positive outlook)

### **HSBC Bank plc**

HSBC Bank plc and its subsidiaries form a UK based group providing a comprehensive range of banking and related financial services.

HSBC Bank plc (formerly Midland Bank plc) was formed in England in 1836 and subsequently incorporated as a limited company in 1880. In 1923, the company adopted the name Midland Bank Limited which it held until 1982 when it re-registered and changed its name to Midland Bank plc. In 1992, Midland Bank plc became a wholly owned subsidiary undertaking of HSBC Holdings plc, whose

Group Head Office is at 8 Canada Square, London E14 5HQ. HSBC Bank plc adopted its current name, changing from Midland Bank plc, in 1999.

The HSBC Group is one of the world's largest banking and financial services organisations, with around 6,000 offices in 71 countries and territories in Europe, Asia, Middle East and North Africa, North America and Latin America. Its total assets at 31 December 2015 were U.S.\$2,410 billion. HSBC Bank plc is the HSBC Group's principal operating subsidiary undertaking in Europe.

The short term senior unsecured and unguaranteed obligations of HSBC Bank plc are, as at the date of this Prospectus, rated P-1 by Moody's and A-1+ by Standard & Poor's and HSBC Bank plc has a short term issuer default rating of F1+ from Fitch. The long term senior unsecured and unguaranteed obligations of HSBC Bank plc are rated Aa2 by Moody's and AA- by Standard & Poor's and HSBC Bank plc has a long term issuer default rating of AA- from Fitch.

HSBC Bank plc is authorised by the Prudential Regulation Authority and is regulated by the Financial Conduct Authority and the Prudential Regulation Authority. HSBC Bank plc's principal place of business in the United Kingdom is 8 Canada Square, London E14 5HQ.

### **Royal Bank of Canada**

Royal Bank of Canada (referred to in this section as **RBC**) is Canada's largest bank, and one of the largest banks in the world, based on market capitalisation. RBC is one of North America's leading diversified financial services companies, and provides personal and commercial banking, wealth management, insurance, investor services and capital markets products and services on a global basis. RBC and its subsidiaries employ approximately 78,000 full- and part-time employees who serve more than 16 million personal, business, public sector and institutional clients through offices in Canada, the U.S. and 39 other countries. The offices of the London Branch are principally located at Riverbank House, 2 Swan Lane, London, EC4R 3BF.

### **The Royal Bank of Scotland plc**

The Royal Bank of Scotland plc (the **Bank**) is a wholly-owned subsidiary of The Royal Bank of Scotland Group plc (**RBSG** or the **holding company**), a banking and financial services group. The 'Group' comprises the Bank and its subsidiary and associated undertakings. The Group has a diversified customer base and provides a wide range of products and services to personal, commercial and large corporate and institutional customers. 'RBS Group' comprises the holding company and its subsidiary and associated undertakings.

RBS Group had total assets of £815 billion and owners' equity of £53 billion as at 31 December 2015. RBS Group's capital ratios on the end-point CRR basis as at 31 December 2015 were a total capital ratio of 19.6 per cent., a Common Equity Tier 1 capital ratio of 15.5 per cent. and a Tier 1 capital ratio of 16.3 per cent. RBS Group's capital ratios on the PRA transitional basis as at 31 December 2015 were a total capital ratio of 24.7 per cent., a Common Equity Tier 1 capital ratio of 15.5 per cent. and a Tier 1 capital ratio of 16.3 per cent.

The Group had total assets of £961 billion and owners' equity of £45 billion as at 30 June 2015. The Group's capital ratios on the end-point CRR basis as at 30 June 2015 were a total capital ratio of 16.4 per cent., a Common Equity Tier 1 capital ratio of 10.8 per cent. and a Tier 1 capital ratio of 10.8 per cent.

## **TAX CONSIDERATIONS**

### **FINNISH TAXATION**

The following is a general description of certain tax considerations relating to the Bonds. The summary is based on the tax laws of Finland in effect as at the date of the Prospectus, subject to amendments to the laws of Finland, including any amendments with a retroactive effect. The following summary is not exhaustive and does not take into account or discuss the tax laws of any other country than Finland. Prospective purchasers of the Bonds should consult their own tax advisers for detailed advice and as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Bonds and receiving payments of interest, principal and/or other amounts under the Bonds and the consequences of such actions under the tax laws of those countries.

#### **Withholding Tax**

As at the date of this Prospectus, payments by the Issuer and the Guarantors to Bondholders will not be subject to Finnish withholding tax.

#### **Non-Resident Bondholders**

Non-resident Bondholders who conduct business through a permanent establishment in Finland will be taxed as Finnish resident Bondholders on payments in respect of the Bonds and gains realised on the sale or redemption of the Bonds. Conversely, non-resident Bondholders who do not conduct business through a permanent establishment in Finland will not be subject to Finnish taxes either on interest payments in respect of the Bonds or gains realised on the sale or redemption of the Bonds. In respect of non-resident Bondholders with a permanent establishment in Finland, capital gains and interest relating to the Bonds are subject to Finnish taxation provided that the Bonds are attributable to the permanent establishment. Capital losses are in principle deductible against taxable income subject to certain limitations.

#### **Resident Bondholders**

Pursuant to the tax laws of Finland currently in effect, Bondholders who are resident in Finland for tax purposes are as a general rule subject to Finnish tax on interest payments received under the Bonds and on gains realised on the sale or redemption of the Bonds.

Interest received by corporate Bondholders and capital gains accrued at the level of corporate Bondholders are taxed as corporate income. Capital losses are in principle deductible against taxable income subject to certain limitations. The applicable Finnish corporate income tax rate is 20 per cent.. No tax withholding obligation applies with respect to interest paid to corporate Bondholders. Tax exemption may apply with respect to Bondholders considered as entities exempt from Finnish corporate income tax.

Interest paid to an individual Bondholder or to a Bondholder considered as an estate of a deceased person is taxed as capital income. Such interest is subject to a preliminary withholding tax of 30 per cent. in accordance with the Finnish Withholding Tax Act (*Ennakkoperintälaki* 1118/1996, as amended). Any capital gains accrued on the Bonds or any interest compensation (secondary market compensation, *Fi: jälkimarkkinahyvitys*) is taxed as capital income at the level of the individual or an undistributed estate of a deceased Finnish resident. Capital income is taxed at a flat rate of 30 per cent. (to the extent the annual capital income does not exceed EUR40,000 (expected to be lowered to EUR 30,000 as of 1 January 2015)). If the aggregate capital income of the tax payer exceeds EUR50,000 (expected to be lowered to EUR 30,000 as of 1 January 2015), the tax rate is 33 per cent. Capital losses are in principle deductible subject to certain restrictions from capital gains.



The Company or a securities dealer shall deduct a preliminary withholding tax of 30 per cent. from the secondary market compensation paid to an individual residing in Finland or an undistributed estate of a deceased Finnish resident in accordance with the Finnish Withholding Tax Act (*Ennakkoperintälaki* 1118/1996, as amended).

### **Transfer Taxation**

A transfer of the Bonds is not subject to Finnish transfer taxation.

### **UNITED KINGDOM TAXATION**

**The following applies only to persons who are the beneficial owners of Bonds and is a summary of the Issuer's understanding of current United Kingdom law and published HM Revenue and Customs practice relating only to United Kingdom withholding tax treatment of payments of principal and interest in respect of Bonds. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Bonds. The United Kingdom tax treatment of prospective Bondholders depends on their individual circumstances and may be subject to change in the future. Prospective Bondholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.**

### **Interest on the Bonds**

Payments of interest on the Bonds by the Issuer may be made without withholding on account of United Kingdom income tax.

HM Revenue & Customs has powers to obtain information and documents relating to the Bonds including in relation to issues of and other transactions in the Bonds, interest, payments treated as interest and other payment derived from the Bonds. This may include details of the beneficial owners of the Bonds, the persons for whom the Bonds are held and details of the persons to whom payments derived from the Bonds are or may be paid. Information may be obtained from a range of persons, including the holders of the Bonds, persons who effect or are party to transactions relating to the Bonds on behalf of others and certain registrars or administrators of such transactions, persons who make, receive or are entitled to receive payments derived from the Bonds and persons by or through whom interest and payments treated as interest are paid or credited. In certain circumstances, the information obtained by HM Revenue & Customs may be exchanged with tax authorities in other countries.

HM Revenue & Customs has indicated that it will not use its information gathering powers to obtain information about amounts payable on the redemption of deeply discounted securities which are paid before 6 April 2014.

### **THE PROPOSED FINANCIAL TRANSACTIONS TAX (FTT)**

On 14 February 2013, the European Commission issued proposals, including a draft Directive (the **Commission's proposal**) for a financial transaction tax (FTT) to be adopted in certain participating EU member states (including Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia). If the Commission's proposal was adopted, the FTT would be a tax primarily on "financial institutions" (which would include the Issuer) in relation to "financial transactions" (which would include the conclusion or modification of derivative contracts and the purchase and sale of financial instruments).

Under the Commission's proposal, the FTT would apply to persons both within and outside of the participating member states. Generally, it would apply 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 (a) by transacting with a person established in a participating member state or (b) where the financial instrument which is subject to the financial transaction is issued in a participating member state.

The FTT may give rise to tax liabilities for the Issuer with respect to certain transactions (including concluding swap transactions and/or purchases or sales of securities (such as authorised investments)) if it is adopted based on the Commission's proposal. Any such tax liabilities may reduce amounts available to the Issuer to meet its obligations under the Bonds and may result in investors receiving less interest or principal than expected. It should also be noted that the FTT could be payable in relation to relevant transactions by investors in respect of the Bonds (including secondary market transactions) if the conditions for a charge to arise are satisfied and the FTT is adopted based on the Commission's proposal. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are exempt.

A joint statement issued in May 2014 by ten of the eleven participating Member States indicated an intention to implement the FTT progressively, such that it would initially extend to transactions involving shares and certain derivatives, with this initial implementation occurring by 1 January 2016. However, full details are not available and further changes could be made prior to adoption.

The FTT proposal remains subject to negotiation between the participating member states. It may therefore be altered prior to any implementation. Additional EU member states may decide to participate. Prospective holders of the Bonds are advised to seek their own professional advice in relation to the FTT.

## **FOREIGN ACCOUNT TAX COMPLIANCE ACT**

Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "foreign financial institution", or **FFI** (as defined by FATCA)) that does not become a **Participating FFI** by entering into an agreement with the U.S. Internal Revenue Service (**IRS**) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA, and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States account" of the Issuer (a **Recalcitrant Holder**). The Issuer and the Guarantors may be classified as FFIs.

The new withholding regime is now in effect for payments from sources within the United States and will apply to **foreign passthru payments** (a term not yet defined) no earlier than 1 January 2019. This withholding would potentially apply to payments in respect of: (i) any Bonds 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 after the **grandfathering date**, which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified after the grandfathering date; and (ii) any Bonds characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Bonds are issued on or before the grandfathering date, and additional Bonds of the same series are issued after that date, the additional Bonds may not be treated as grandfathered, which may have negative consequences for the existing Bonds, including a negative impact on market price.

The United States and a number of other jurisdictions have entered into intergovernmental agreements to facilitate the implementation of FATCA (each, an **IGA**). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a **Reporting FI** not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction generally would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being **FATCA Withholding**) from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of

its account holders and investors to its home government or to the IRS. The United States has entered into agreements with Finland, Luxembourg and the Netherlands (the **Relevant IGAs**) based largely on the Model 1 IGA.

If the Issuer and Guarantors are treated as Reporting FIs pursuant to the Relevant IGAs they do not anticipate that they will be obliged to deduct any FATCA Withholding on payments they make. There can be no assurance, however, that the Issuer and Guarantors will be treated as Reporting FIs, or that they would in the future not be required to deduct FATCA Withholding from payments they make. The Issuer, Guarantors and financial institutions through which payments on the Bonds are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Bonds is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

While the Bonds are in global form and held within the ICSDs, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Bonds by the Issuer, any Guarantor, any Paying Agent, the Registrar, the Bond Trustee and the common depositary or common safekeeper, given that each of the entities in the payment chain between the Issuer and the participants in the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Bonds. The documentation expressly contemplates the possibility that the Bonds may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, Definitive Bonds will only be printed in remote circumstances.

**FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Bonds.**

## SUBSCRIPTION AND SALE

### Dealership Agreement

Bonds may be sold from time to time by the Issuer to any one or more of the Dealers and any other dealer appointed from time to time in each case acting as principal or to subscribers from whom subscriptions have been procured by the Dealers, in each case pursuant to the dealership agreement dated 5 December 2013, as amended on or about the date hereof, made between, among others, the Issuer and the Dealers (the **Dealership Agreement**). Elenia Services acceded to the Dealership Agreement as an Obligor and Guarantor on 27 February 2015. The arrangements under which a particular Tranche of Bonds may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers or subscribers are set out in the Dealership Agreement and the Subscription Agreements relating to each Tranche of Bonds. Any such agreement will, *inter alia*, make provision for the price at which such Bonds will be purchased by the Dealers or subscribers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealership 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 Series or Tranche of Bonds.

In the Dealership Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and maintenance of the Programme and the issue of Bonds under the Dealership Agreement and each of the Obligors and the Issuer has agreed to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

Dealers may, directly or indirectly through affiliates, have provided investment and/or commercial banking, financial advisory and other services to the Obligors and their affiliates from time to time for which they have received monetary compensation. The Dealers may from time to time also enter into swap and other derivative transactions with the Obligors and their affiliates, including in relation to the Bonds. In addition, the Dealers may engage in the future in investment banking, commercial banking, financial or other advisory services with the Issuer, the Obligors or their affiliates.

### United States of America

The Bonds have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States or to or for the account or benefit of a U.S. person except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Bonds are being offered and sold only (a) outside the United States to persons other than U.S. persons as defined in Regulation S in offshore transactions in reliance on, and in compliance with, Regulation S and (b) in the United States to a limited number of QIBs as defined in the Securities Act in connection with resales by the Dealers, in reliance on, and in compliance with, Rule 144A.

In addition, until 40 days after the commencement of the offering, an offer or sale of Bonds within the United States by any dealer (whether or not participating in the offering of the Bonds) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

Each Dealer has represented and agreed that it has offered and sold, and will offer and sell, the Bonds (a) as part of its distribution at any time and (b) otherwise until 40 days after the later of the commencement of the offering and the relevant Issuance Date, only in accordance with Rule 903 of Regulation S or Rule 144A. Accordingly, neither any such Dealer nor its affiliates, nor any persons acting on its or their behalf, have engaged or will engage in any directed selling efforts (as defined in Regulation S) with respect to the Bonds, and any such Dealer, its affiliates and all persons acting on its or their behalf have complied and will comply with the offering restrictions requirement of Regulation S. Each Dealer has

agreed that, at or prior to confirmation of sale of the Bond (other than a sale pursuant to Rule 144A), it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases the Bonds from it during the restricted period a confirmation or notice to substantially the foregoing effect.

Each purchaser of a Bond, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Issuer and the Dealers as follows:

1. It understands and acknowledges that the Bonds have not been registered under the Securities Act or any other applicable securities law, and that the Bonds are being offered for sale in transactions not requiring registration under the Securities Act or any other securities laws, including sales pursuant to Rule 144A and Regulation S and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities laws, pursuant to an exemption therefrom or pursuant to a transaction not subject thereto.
2. It is either (i) a QIB and is aware that any sale of the Bonds to it will be made in reliance on Rule 144A and it is acquiring the Bonds for its own account or for the account of another QIB with respect to which it exercises full investment discretion, or (ii) it is not a U.S. person (as defined in Regulation S) or purchasing for the account or benefit of a U.S. person and is purchasing the Bonds in an offshore transaction (as defined in Regulation S) in accordance with Regulation S.
3. It is purchasing the Bonds for its own account or for the account of investors meeting the requirements of paragraph 2 above for which it is acting as a fiduciary or agent and with respect to which it has the authority to make these acknowledgements, representations and agreements, in each case not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act.
4. If it is a QIB purchasing the Bonds pursuant to Rule 144A, it will not offer, sell, pledge or otherwise transfer the Bonds except (i)(a) to the Issuer, (b) to a person whom the purchaser reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (c) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S, or (d) in a transaction that is otherwise exempt from the registration requirements of the Securities Act but only upon delivery to the Issuer of an opinion of counsel in form and scope satisfactory to the Issuer, and (ii) in accordance with all applicable securities laws of the States of the United States. It acknowledges that certificates in respect of Bonds, unless otherwise agreed by the Issuer and the Bond Trustee, will bear a legend to the following effect:

**THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE SECURITIES ACT). THE HOLDER HEREOF, BY PURCHASING THE BONDS IN RESPECT OF WHICH THIS CERTIFICATE IS ISSUED, AGREES, FOR THE BENEFIT OF THE ISSUER, THAT SUCH BONDS MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A)(1) TO THE ISSUER, (2) IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE OFFER, SALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, OR (4) IN A TRANSACTION THAT IS OTHERWISE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT BUT ONLY UPON DELIVERY TO THE ISSUER OF AN OPINION OF COUNSEL IN FORM AND SCOPE SATISFACTORY TO THE**

**ISSUER; AND (B) IN COMPLIANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE UNITED STATES.**

Each purchaser further acknowledges that the Bond Trustee, the Security Trustee, the Dealers and their affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Bonds for the account of one or more QIBs, the purchaser thereof represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

The Bonds have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States or to or for the account or benefit of a U.S. person except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Bonds are being offered and sold only (a) outside the United States to persons other than U.S. persons as defined in Regulation S in offshore transactions in reliance on, and in compliance with, Regulation S and (b) in the United States to a limited number of QIBs as defined in the Securities Act in connection with resales by the Manager, in reliance on, and in compliance with, Rule 144A.

In addition, until 40 days after the commencement of the offering, an offer or sale of Bonds within the United States by any dealer (whether or not participating in the offering of the Bonds) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

Each Manager has represented and agreed that it has offered and sold, and will offer and sell, the Bonds (a) as part of its distribution at any time and (b) otherwise until 40 days after the later of the commencement of the offering and the relevant Issuance Date, only in accordance with Rule 903 of Regulation S or Rule 144A. Accordingly, neither such Manager nor its affiliates, nor any persons acting on its or their behalf, have engaged or will engage in any directed selling efforts (as defined in Regulation S) with respect to the Bonds, and such Manager, its affiliates and all persons acting on its or their behalf have complied and will comply with the offering restrictions requirement of Regulation S. Each Manager has agreed that, at or prior to confirmation of sale of the Bonds (other than a sale pursuant to Rule 144A), it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases the Bonds from it during the restricted period a confirmation or notice to substantially the foregoing effect.

Each purchaser of a Note, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Issuer and the Managers as follows:

1. It understands and acknowledges that the Bonds have not been registered under the Securities Act or any other applicable securities law, and that the Bonds are being offered for sale in transactions not requiring registration under the Securities Act or any other securities laws, including sales pursuant to Rule 144A and Regulation S and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities laws, pursuant to an exemption therefrom or pursuant to a transaction not subject thereto.
2. It is either (i) a QIB and is aware that any sale of the Bonds to it will be made in reliance on Rule 144A and it is acquiring the Bonds for its own account or for the account of another QIB with respect to which it exercises full investment discretion, or (ii) it is not a U.S. person (as defined in Regulation S) or purchasing for the account or benefit of a U.S. person and is purchasing the Bonds in an offshore transaction (as defined in Regulation S) in accordance with Regulation S.

3. It is purchasing the Bonds for its own account or for the account of investors meeting the requirements of paragraph 2 above for which it is acting as a fiduciary or agent and with respect to which it has the authority to make these acknowledgements, representations and agreements, in each case not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act.
4. If it is a QIB purchasing the Bonds pursuant to Rule 144A, it will not offer, sell, pledge or otherwise transfer the Bonds except (i) (a) to the Issuer, (b) to a person whom the purchaser reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (c) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S, or (d) in a transaction that is otherwise exempt from the registration requirements of the Securities Act but only upon delivery to the Issuer of an opinion of counsel in form and scope satisfactory to the Issuer, and (ii) in accordance with all applicable securities laws of the States of the United States. It acknowledges that certificates in respect of Bonds, unless otherwise agreed by the Issuer and the Bond Trustee, will bear a legend to the following effect:

**THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE SECURITIES ACT). THE HOLDER HEREOF, BY PURCHASING THE BONDS IN RESPECT OF WHICH THIS CERTIFICATE IS ISSUED, AGREES, FOR THE BENEFIT OF THE ISSUER, THAT SUCH BONDS MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A)(1) TO THE ISSUER, (2) IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE OFFER, SALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, OR (4) IN A TRANSACTION THAT IS OTHERWISE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT BUT ONLY UPON DELIVERY TO THE ISSUER OF AN OPINION OF COUNSEL IN FORM AND SCOPE SATISFACTORY TO THE ISSUER; AND (B) IN COMPLIANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE UNITED STATES.**

Each purchaser further acknowledges that the Bond Trustee, the Security Trustee, the Dealers and their affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Bonds for the account of one or more QIBs, the purchaser thereof represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Bearer Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder.

Each issuance of index-linked or dual currency Bonds shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Bonds, which additional selling restrictions shall be set out in the applicable Subscription Agreement or in a drawdown prospectus applicable to a particular Tranche of Bonds.

Due to the restrictions set forth above, purchasers of the Bonds are advised to consult legal counsel prior to making an offer to purchase or to resell, pledge or otherwise transfer the Bonds.

## European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**), it has not made and will not make an offer of Bonds 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 Bonds 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 Bonds 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 Bonds to the public" in relation to any Bonds 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 Bonds to be offered so as to enable an investor to decide to purchase or subscribe to the Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC (amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

## United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) **No deposit-taking**

in relation to any Bonds which have 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 Bonds other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as 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 where the issue of the Bonds 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 an 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 Bonds in circumstances in which Section 21(1) of the FSMA does not or, in the case of the Issuer or the Guarantors, would not, if it is not an authorised person, apply; 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 Bonds in, from or otherwise involving the United Kingdom.

**Switzerland**

Each Dealer has represented and agreed that:

- (a) it will not publicly offer or sell, the Bonds in Switzerland, as such term is defined or interpreted under the Swiss Code of Obligations (CO) and the Swiss Collective Investment Schemes Act; and
- (b) neither the Prospectus nor any other documents related to the Bonds constitute a prospectus within the meaning of art. 652a or art. 1156 CO.

**General**

Each Dealer has acknowledged that, other than having obtained the approval of the Prospectus by the UK Listing Authority in accordance with Part VII of the FSMA for the Bonds to be admitted to listing on the Official List of the London Stock Exchange, no action has been or will be taken in any jurisdiction by the Issuer or any of the other parties that would permit a public offering of Bonds, or possession or distribution of the Prospectus or any other offering material, in any jurisdiction where action for that purpose is required. Each Dealer shall to the best of its knowledge comply with all applicable laws and regulations in each jurisdiction in or from which they purchase, offer, sell or deliver Bonds or have in their possession or distribute the Prospectus or any other offering material, in all cases at their own expense.

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

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification will be set out in the relevant Subscription Agreement or in a drawdown prospectus applicable to a particular Tranche of Bonds.

## **GENERAL INFORMATION**

### **Authorisation**

The update of the Programme was duly authorised by resolutions of the Board of Directors of the Issuer passed at a meeting of the Board held on 1 March 2016 and by resolution of the Board of Directors of each of the Guarantors on 25 February 2016 or 1 March 2016.

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 Bonds and each Guarantor has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with its performance under the Guarantee.

### **Listing**

It is expected that listing of the Bonds on the Official List and admission to trading on the Market will be granted on the relevant Issue Date, subject only to the issue of a Global Covered Bond of the relevant type in respect of each Tranche. Application has been made to the UK Listing Authority for Bonds issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Bonds to be admitted to trading on the Market.

### **Clearing and Settlement**

The Bonds have been accepted for clearing through Clearstream, Luxembourg and Euroclear. The appropriate Common Code and ISIN for each Tranche of Bonds allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms or Pricing Supplement (as applicable). If the Bonds are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms or Pricing Supplement (as applicable).

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of any alternative clearing system will be specified in the applicable Final Terms or Pricing Supplement (as applicable).

### **Yield**

The yield for any particular Tranche of Bonds will be specified in the applicable Final Terms or Pricing Supplement (as applicable) and will be calculated at the Issue Date on the basis of the Issue Price. The applicable Final Terms or Pricing Supplement (as applicable) in respect of any Floating Rate Bonds will not include any indication of yield. The yield specified in the applicable Final Terms or Pricing Supplement (as applicable) in respect of a Tranche of Bonds will not be an indication of future yield.

### **Litigation**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), within a period of 12 months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects upon the Issuer's or its subsidiaries' financial position or profitability.

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Elenia Networks is aware) within a period of 12 months preceding the date of this Prospectus which may have, or have had in the recent past, a significant effect on Elenia Networks' or its subsidiaries' financial position or profitability.

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Elenia Heat is aware) within a period of 12 months preceding the date of this Prospectus which may have, or have had in the recent past, a significant effect on Elenia Heat's or its subsidiaries' financial position or profitability.

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Elenia Holdings is aware) within a period of 12 months preceding the date of this Prospectus which may have, or have had in the recent past, a significant effect on Elenia Holdings' or its subsidiaries' financial position or profitability.

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Parent is aware) within a period of 12 months preceding the date of this Prospectus which may have, or have had in the recent past, a significant effect on the Parent's or its subsidiaries' financial position or profitability.

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Elenia Finance (SPPS) is aware) within a period of 12 months preceding the date of this Prospectus which may have, or have had in the recent past, a significant effect on Elenia Finance (SPPS)'s or its subsidiaries' financial position or profitability.

### **Significant or Material Change**

Since the date of its incorporation, the Issuer has not entered into any contract or arrangement not being in the ordinary course of business other than the Issuer Transaction Documents.

Since 31 December 2014 (being the date of its latest audited financial accounts), there has been (a) no material adverse change in the financial position or prospects of the Issuer and its subsidiary, Elenia Finance (SPPS) and (b) no significant change in the financial or trading position of the Issuer and its subsidiary, Elenia Finance (SPPS).

There has been (a) no significant change in the financial or trading position of Elenia Networks and its subsidiaries taken as a whole since 31 December 2014 (being the date of its latest audited consolidated financial accounts) and (b) no material adverse change in the prospects of Elenia Networks and its subsidiaries, since 31 December 2014 (being the date of its latest audited consolidated financial accounts).

Since 31 December 2014 (being the date of its latest audited financial accounts), there has been (a) no material adverse change in the financial position or prospects of Elenia Heat and (b) no significant change in the financial or trading position of Elenia Heat. Elenia Heat does not have any subsidiaries.

Since 10 December 2014 (being the date of incorporation of Elenia Services), there has been (a) no material adverse change in the financial position or prospects of Elenia Services and (b) no significant change in the financial or trading position of Elenia Services. Elenia Services does not have any subsidiaries.

Since 31 December 2014 (being the date of its latest audited financial accounts), there has been (a) no significant change in the financial or trading position of the Parent and its subsidiaries taken as a whole and (b) no material adverse change in the prospects of the Parent and its subsidiaries.

Since 31 December 2014 (being the date of its latest audited financial accounts), there has been (a) no significant change in the financial or trading position of Elenia Holdings and its subsidiaries taken as a whole and (b) no material adverse change in the prospects of Elenia Holdings and its subsidiaries.

Since 31 December 2014 (being the date of its latest audited financial accounts), there has been (a) no significant change in the financial or trading position of Elenia Finance (SPPS) and (b) no material adverse change in the prospects of Elenia Finance (SPPS). Elenia Finance (SPPS) does not have any subsidiaries.

### **Charges and Guarantees**

Save as disclosed in this document, the Issuer has no outstanding loan capital, borrowings, indebtedness or contingent liabilities nor has the Issuer created any mortgages or given any charge or guarantee.

### **Documents Available**

For so long as the Programme remains in effect or any Bonds shall be outstanding, copies of the following documents may (when published) be inspected during normal business hours at the specified offices of the Elenia Finance Oyj at Televisiokatu 4 A, FI-00240 Helsinki, Finland and at the offices of the Principal Paying Agent during usual business hours:

- (a) the constitutional documents of the Issuer, Elenia Networks, Elenia Heat, Elenia Services, Elenia Holdings, Elenia Finance (SPPS) and the Parent;
- (b) a copy of each of the Documents Incorporated By Reference;
- (c) a copy of this Prospectus;
- (d) each Final Terms, Pricing Supplement or Drawdown Prospectus relating to Bonds which are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system;
- (e) each Investor Report;
- (f) copies of the following documents:
  - (i) the CTA;
  - (ii) the STID;
  - (iii) the Initial Authorised Credit Facilities Agreement;
  - (iv) the Elenia Loan Agreement and the Elenia Heat Loan Agreement;
  - (v) the Security Documents;
  - (vi) the Bond Trust Deed;
  - (vii) the Agency Agreement;
  - (viii) the Account Bank Agreement;
  - (ix) the Issuer Hedging Agreements;
  - (x) the Liquidity Facility Agreement;
  - (xi) the Master Definitions Agreement; and
  - (xii) the Tax Deed of Covenant.

## **Material Contracts**

None of the Issuer, Elenia Networks, Elenia Services, Elenia Holdings, Elenia Finance (SPPS), the Parent or Elenia Heat has entered into any contracts outside the Finance Documents, the Dealership Agreement, each Subscription Agreement and the ordinary course of its business, which could result in any of the Issuer, Elenia Networks, Elenia Services, Elenia Holdings, Elenia Finance (SPPS), the Parent or Elenia Heat being under an obligation or entitlement that is material to the Issuer's, Elenia Networks', Elenia Services', Elenia Holdings', Elenia Finance (SPPS)'s, the Parent's or Elenia Heat's, respectively, ability to meet its obligations to all secured creditors in respect of the Bonds being issued.

## **Third-Party Information**

Third-party information referred to in the sections entitled "*Business of Elenia*", "*Book-Entry Clearance Procedure*" and "*Description of Initial Liquidity Facility Providers*" has been accurately reproduced from information provided by the third parties referred to in such sections and as far as the Issuer and the Guarantors are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## **Availability of Financial Statements**

The audited annual financial statements of the Issuer, Elenia Networks, Elenia Heat, Elenia Services, Elenia Holdings, Elenia Finance (SPPS) and the Parent will be prepared as at 31 December in each year. All future audited annual financial statements of the Issuer, Elenia Networks, Elenia Heat, Elenia Services, Elenia Holdings, Elenia Finance (SPPS) and the Parent will be available free of charge in accordance with " – *Documents Available*" above.

The audited accounts of the Issuer, Elenia Networks, Elenia Heat, Elenia Holdings and the Parent for the period ended 31 December 2013 and for the period ended 31 December 2014 are incorporated into this Prospectus by reference. Further details can be found in the section entitled "*Documents Incorporated By Reference*" above.

## **Information in Respect of the Bonds**

The issue price and the amount of the relevant Bonds will be determined, before filing of the relevant Final Terms or Pricing Supplement of each Tranche, based on the then prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to any issues of Bonds admitted to trading except for the Investor Report and the Compliance Certificate which will be prepared by Elenia Networks on a semi-annual basis and published on the designated website of Elenia Networks, being <http://www.elenia.com/en/financialinformation/debt-investor-information> and which will be delivered by Elenia Networks to the Bond Trustee and the Security Trustee.

## **Other Activities of the Dealers**

The Dealers and their respective affiliates: (i) have provided, and may in the future provide, investment banking, commercial lending, consulting and financial advisory services to; (ii) have entered into and may, in the future enter into, other related transactions with; and (iii) have made or assisted or advised any party to make, and may in the future make or assist or advise any party to make, acquisitions and investments in or related to, the Issuer or the Obligors and their respective subsidiaries and affiliates or other parties that may be involved in or related to the transactions contemplated in this Prospectus, in each case in the ordinary course of business. Specifically, and among others, HSBC Bank plc and The Royal Bank of Scotland plc act as Liquidity Facility Providers in respect of the Liquidity Facility made available to the Issuer and Elenia Networks under the Liquidity Facility Agreement. The Dealers and their respective affiliates may, in the future, act as Hedge Counterparties.

## GLOSSARY

<b>3INF</b>	means 3i Networks Finland LP.
<b>Acceleration Notice</b>	means a notice delivered by the Security Trustee pursuant to the STID by which the Security Trustee declares that some or all Secured Liabilities shall be accelerated.
<b>Acceptable Bank</b>	means: <ul style="list-style-type: none"> <li>(a) a bank or financial institution which has a rating for its long-term unsecured and non-credit-enhanced debt obligations of BBB- or higher by S&amp;P or Fitch or Baa3 or higher by Moody's or a comparable rating from an internationally recognised credit rating agency; or</li> <li>(b) an Original Initial ACF Lender under the Initial Authorised Credit Facilities Agreement.</li> </ul>
<b>Accession Date</b>	means the date on which an Additional Secured Creditor, Additional Subordinated Creditor or an Additional Subordinated Intragroup Creditor accedes to the STID.
<b>Accession Memorandum</b>	means: <ul style="list-style-type: none"> <li>(a) with respect to the STID, each memorandum to be entered into pursuant to the STID;</li> <li>(b) with respect to the Common Terms Agreement, each memorandum to be entered into pursuant to the Common Terms Agreement and which is substantially in the form set out in the Common Terms Agreement.</li> </ul>
<b>Account</b>	means each bank account of an Obligor.
<b>Account Bank</b>	means Nordea Bank Finland plc (or any successor account bank appointed pursuant to the Account Bank Agreement).
<b>Account Bank Agreement</b>	means the account bank agreement dated 10 December 2013 between certain Obligors, the Account Bank, the Security Trustee and the Standstill Cash Manager.
<b>Accounting Reference Date</b>	means 31 December in each year, except as adjusted in accordance with the Common Terms Agreement.
<b>Accounting Standards</b>	means generally accepted accounting principles in Finland or, to the extent the Parent delivers Financial Statements in accordance with the Common Terms Agreement, the Netherlands, as at the date of the MDA, including IFRS.
<b>Acquisition</b>	means the transactions entered into in respect of the January 2012

	acquisition relating to the Security Group and its related assets and liabilities including the documentation entered into to effect the financing and refinancing of such acquisition.
<b>Act on the Energy Authority</b>	means the Act on the Energy Authority (591/2013) ( <i>laki energiamarkkinavirastosta</i> ).
<b>Act on Supervision of Electricity and Natural Gas Markets</b>	means the Act on Supervision of Electricity and Natural Gas Markets (590/2013) ( <i>Laki sähkö- ja maakaasumarkkinoiden valvonnasta</i> ).
<b>Additional Equity</b>	means any amounts subscribed for in cash for shares in Elenia Networks or any Holding Company of Elenia Networks (or any other capital contribution to Elenia Networks which is not Financial Indebtedness and provided that repayment (if any) is subject to the STID) or the incurrence or Subordinated Liabilities by Elenia Networks or as otherwise described in the Common Terms Agreement.
<b>Additional Obligor</b>	means any person wishing or required to become an Obligor who accedes to the Common Terms Agreement in accordance with the Common Terms Agreement and the STID.
<b>Additional Secured Creditor Terms</b>	has the meaning given to it in schedule 1 of the STID.
<b>Additional Secured Creditors</b>	means any person not already a Secured Creditor which becomes a Secured Creditor pursuant to the provisions of the STID and which for the avoidance of doubt shall not be an Additional Subordinated Creditor or an Additional Subordinated Intragroup Creditor.
<b>Additional Subordinated Creditor</b>	means a new Subordinated Creditor who accedes to the STID and delivers an accession memorandum, in each case in accordance with the STID.
<b>Additional Subordinated Intragroup Creditor</b>	means a new Subordinated Intragroup Creditor who accedes to the STID in accordance with the STID and delivers an accession memorandum in accordance with the STID.
<b>Administrative Party</b>	means the Security Trustee, the Account Bank, the Bond Trustee, the Standstill Cash Manager, any Facility Agent or any Agent.
<b>Advance</b>	means an advance made or to be made to the Issuer under the terms of the Elenia Loan Agreement or the Elenia Heat Loan Agreement (as applicable).
<b>Affected Secured Creditor</b>	means each Secured Creditor who is affected by an Entrenched Right.
<b>Affiliate</b>	means, in relation to a person, a Subsidiary or a Holding Company of a person or any other Subsidiary of that Holding Company (other than in any Hedging Agreement when used in relation to a Hedge Counterparty, where Affiliate has the meaning given to it in that Hedging Agreement). Notwithstanding the foregoing, in relation to The Royal Bank of Scotland plc, the term <b>Affiliate</b> shall not include (a) the UK government or any member or instrumentality thereof, including Her Majesty's Treasury and UK Financial Services Investments Limited (or any directors, officers,

employees or entities thereof) or (b) any persons or entities controlled by or under common control with the UK government or instrumentality thereof (including Her Majesty's Treasury and UK Financial Services Investments Limited) and which are not part of The Royal Bank of Scotland Group plc and its subsidiaries or subsidiary undertakings.

**Agency Agreement**

means the agreement dated 10 December 2013 as amended on 27 February 2015 and as it may be further amended from time to time, pursuant to which the Issuer has appointed the Principal Paying Agent, the other Paying Agents, the Registrar, Agent Bank and Transfer Agents in relation to all or any Tranche of Bonds, and any other agreement for the time being in force appointing further or other Paying Agents or Transfer Agents or any other Principal Paying Agent, Agent Bank or Registrar in relation to all or any Tranches of Bonds, or in connection with their duties, unless permitted under the Agency Agreement, where necessary with the prior written approval of the Bond Trustee, together with any agreement for the time being in force amending or modifying any of the aforesaid agreements.

**Agent**

means each of the Principal Paying Agent, the Transfer Agents, the Calculation Agent, the Agent Bank, the Registrar, the Exchange Agent or any other agent appointed by the Issuer pursuant to the Agency Agreement or a Calculation Agency Agreement and **Agents** means all of them.

**Agent Bank**

means, in relation to the Bonds of any relevant Tranche, the bank initially appointed as agent bank in relation to such Bonds by the Issuer pursuant to the Agency Agreement or, if applicable, any Successor agent bank in relation to such Bonds.

**Aggregate Available Liquidity**

means the sum of the aggregate commitments under the Liquidity Facility Agreement and the balance (if any) on the Debt Service Reserve Accounts at such Calculation Date.

**Alternative Redemption Amount**

means the amount specified as such in the relevant Final Terms (if any).

**Amending Directive**

the Council of the European Union Directive dated 24 March 2014.

**Ancillary Facility**

(a) in respect of the Initial Authorised Credit Facilities Agreement, has the meaning given to such term in the Initial Authorised Credit Facilities Agreement and (b) in respect of any other Authorised Credit Facility Agreement, has the meaning set out therein.

**Annual Financial Statements**

means the financial statements delivered pursuant to the Common Terms Agreement.

**Appropriate Expert**

means an expert appointed as such in accordance with the STID.

**Auditors**

means Ernst & Young Oy or such other independent public accountants of international standing which may be appointed by the Obligors in accordance with the Common Terms Agreement as the Auditors for the Security Group.



<b>Authorisation</b>	means an authorisation, consent, approval, permit, resolution, licence, exemption, filing, notarisation or registration, including the Gas Distribution Licence and the Networks Licence.
<b>Authorised Credit Facility</b>	means any facility or agreement entered into by any Obligor for Secured Debt as permitted by the terms of the Common Terms Agreement, the providers of which are parties to or have acceded to the STID and the Common Terms Agreement, and includes the WC Facility, the Capex Facility, the Initial Authorised Credit Facilities, the Liquidity Facilities, each PP Note Purchase Agreement, the PP Notes, the Hedging Agreements, the Bond Trust Deed, the Bonds and (a) any fee letter or commitment letter entered into in connection with the foregoing facilities or agreements or the transactions contemplated in the foregoing facilities and (b) any other document (not being the Dealership Agreement, a Subscription Agreement or a Common Document) that has been entered into in connection with the foregoing facilities or agreements or the transactions contemplated thereby that has been designated as a document that should be deemed to be an Authorised Credit Facility for the purposes of this definition by the parties thereto (including at least one Obligor).
<b>Authorised Credit Facility Agreement</b>	means an agreement documenting an Authorised Credit Facility.
<b>Authorised Credit Provider</b>	means a lender, a holder of PP Notes or other provider of credit or financial accommodation under any Authorised Credit Facility.
<b>Authorised Signatory</b>	means any person who is duly authorised by any Obligor or any Party and in respect of whom a certificate has been provided signed by a director of that Obligor or such Party setting out the name and signature of that person and confirming such person's authority to act.
<b>Available Enforcement Proceeds</b>	means on any date, all monies received or recovered by the Security Trustee (or any Receiver appointed by it) in respect of the Security and under the guarantees from the Obligors (but excluding any amounts standing to the credit of or recovered by the Security Trustee from any Defeasance Account, any Liquidity Standby Account and any Tax credits).
<b>Available Standby Amount</b>	has the meaning given to such term in the Liquidity Facility Agreement.
<b>Base Currency</b>	means Euro.
<b>Basic Terms Modification</b>	has the meaning given to it on page 240.
<b>Bearer Bonds</b>	means those Bonds which are for the time being in bearer form.
<b>Bearer Definitive Bond</b>	means a Bearer Bond in definitive form issued or, as the case may require, to be issued by the Issuer in accordance with the provisions of the Dealership Agreement or any other agreement between the Issuer and the relevant Dealer(s), the Agency Agreement and the Bond Trust Deed in exchange for either a Temporary Bearer Global Bond or part thereof or a Permanent Bearer Global Bond or part thereof (all as indicated in the

applicable Final Terms), such Bearer Bond in definitive form being in the form or substantially in the form set out in the Bond Trust Deed with such modifications (if any) as may be required in any jurisdiction in which a particular Tranche of Bonds may be issued or sold from time to time or as otherwise agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s) and having the Conditions endorsed thereon or, if permitted by the relevant stock exchange, incorporating the Conditions by reference as indicated in the applicable Final Terms and having the relevant information supplementing, replacing or modifying the Conditions appearing in the applicable Final Terms endorsed thereon or attached thereto and (except in the case of a Zero Coupon Bond in bearer form) having Coupons and, where appropriate, Receipts and/or Talons attached thereto on issue.

**Bearer Global Bond**

means a Temporary Bearer Global Bond and/or a Permanent Bearer Global Bond, as the context may require.

**Bond**

means a bond issued pursuant to the Programme and denominated in such currency or currencies as may be agreed between the Issuer and the relevant Dealer(s) which has such maturity and denomination as may be agreed between the Issuer and the relevant Dealer(s) and issued or to be issued by the Issuer pursuant to the Dealership Agreement or any other agreement between the Issuer and the relevant Dealer(s) relating to the Programme, the Agency Agreement and the Bond Trust Deed and which shall, in the case of a Bearer Bond, either (a) initially be represented by, and comprised in, a Temporary Bearer Global Bond which may (in accordance with the terms of such Temporary Bearer Global Bond) be exchanged for Bearer Definitive Bonds or a Permanent Bearer Global Bond which Permanent Bearer Global Bond may (in accordance with the terms of such Permanent Bearer Global Bond) in turn be exchanged for Bearer Definitive Bonds or (b) be represented by, and comprised in, a Permanent Bearer Global Bond which may (in accordance with the terms of such Permanent Bearer Global Bond) be exchanged for Bearer Definitive Bonds (all as indicated in the applicable Final Terms) and which may, in the case of Registered Bonds, either be in definitive form or be represented by, and comprised in, one or more Registered Global Bonds each of which may (in accordance with the terms of such Registered Global Bond) be exchanged for Registered Definitive Bonds or another Registered Global Bond (all as indicated in the applicable Final Terms) and includes any replacements for a Bond (whether a Bearer Bond or a Registered Bond, as the case may be) issued pursuant to Condition 14 (*Replacement of Bonds, Coupons, Receipts and Talons*) and **Bonds** shall be construed accordingly (but excluding, for the avoidance of doubt, the PP Notes).

**Bond Relevant Date**

has the meaning set out in Condition 22 (*Definitions*).

**Bond Trust Deed**

means the bond trust deed dated 10 December 2013 between the Issuer and the Bond Trustee under which Bonds will, on issue, be constituted and any deed supplemental thereto.

**Bond Trustee**

means Citicorp Trustee Company Limited or any other or additional trustee appointed pursuant to the Bond Trust Deed, for and on behalf of the Bondholders, the Receipholders and the Couponholders.

<b>Bondholders</b>	means the several persons who are for the time being holders of the outstanding Bonds (being, in the case of Bearer Bonds, the bearers thereof and, in the case of Registered Bonds, the several persons whose names are entered in the register of holders of the Registered Bonds as the holders thereof) save that, in respect of the Bonds of any Tranche, for so long as such Bonds or any part thereof are represented by Global Bond deposited with a common depository (in the case of a CGB) or common safekeeper (in the case of a NGB or a Registered Global Bond held under the NSS) for Euroclear and Clearstream, Luxembourg or, each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg (other than Clearstream, Luxembourg, if Clearstream, Luxembourg shall be an accountholder of Euroclear, and Euroclear, if Euroclear shall be an accountholder of Clearstream, Luxembourg) as the holder of a particular nominal amount of the Bonds of such Tranche shall be deemed to be the holder of such principal amount of such Bonds (and the holder of the relevant Global Bond shall be deemed not to be the holder) for all purposes of the Bond Trust Deed other than with respect to the payment of principal or interest on such nominal amount of such Bonds and, the rights to which shall be vested, as against the Issuer and the Bond Trustee, solely in such common depository, common safekeeper or its nominee and for which purpose such common depository, common safekeeper or its nominee shall be deemed to be the holder of such nominal amount of such Bonds in accordance with and subject to its terms and the provisions of the Bond Trust Deed and the Conditions; and the expressions <b>Bondholder</b> , <b>holder</b> and <b>holder of the Bonds</b> and related expressions shall (where appropriate) be construed accordingly.
<b>Borrower Hedge Counterparty</b>	means a Hedge Counterparty who is a party to a Borrower Hedging Agreement (together, the <b>Borrower Hedge Counterparties</b> ).
<b>Borrower Hedging Agreement</b>	means each ISDA Master Agreement entered into by Elenia Networks and a Borrower Hedge Counterparty in accordance with the Hedging Policy (in the form in effect at the time the relevant ISDA Master Agreement is entered into) or, in the case of the Initial Borrower Hedge Counterparties, in the form in effect as at the date of the Common Terms Agreement and which governs the Borrower Hedging Transactions between such parties, and such term includes the schedule to the relevant ISDA Master Agreement and the confirmations evidencing the Hedging Transactions entered into under such ISDA Master Agreement.
<b>Borrower Hedging Transaction</b>	means any fixed rate, currency, inflation-linked, index-linked or Treasury Transaction with respect to the Secured Debt, or any other Treasury Transaction governed by a Borrower Hedging Agreement and entered into with Elenia Networks in accordance with the Hedging Policy.
<b>Borrower Subordinated Hedge Amounts</b>	means any termination payment due or overdue to a Borrower Hedge Counterparty under any Borrower Hedging Agreement which arises as a result of the occurrence of an Event of Default (as defined in the relevant Hedging Agreement) where the relevant Borrower Hedge Counterparty is the Defaulting Party (as defined in the relevant Borrower Hedging Agreement).
<b>Borrowings</b>	means, at any time and without double counting, the aggregate

outstanding principal, capital or nominal amount (including any accrued indexation thereon and any fixed or minimum premium payable on prepayment or redemption) of any indebtedness of members of the Security Group for or in respect of:

- (a) moneys borrowed and debit balances at banks or other financial institutions;
- (b) any acceptances under any acceptance credit or bill discount facility (or dematerialised equivalent);
- (c) any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) any Finance Lease;
- (e) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability of an entity which is not a member of the Security Group which liability would fall within one of the other paragraphs of this definition;
- (f) any amount of any liability under an advance or deferred purchase agreement if (i) one of the primary reasons behind the entry into the agreement is to raise finance or to finance the acquisition or construction of the asset or service in question or (ii) the agreement is in respect of the supply of assets or services and payment is due more than 120 days after the date of supply;
- (g) any amount raised under any other transaction (including any forward sale or purchase agreement, sale and sale-back or sale and leaseback agreement) having the commercial effect of a borrowing; and
- (h) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (g) above.

**Breach of Duty**

means in relation to any person or any agent of such person, a wilful default, fraud, illegal dealing, gross negligence or breach of trust by any such person.

**Business Acquisition**

means the acquisition of a company or any shares or securities or a business or undertaking (or, in each case, any interest in any of them) or the incorporation of a company.

**Business Day**

means:

- (a) in relation to any sum payable in Sterling, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange currency deposits) in London and Helsinki;

- (b) 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 London and Helsinki, and in respect of the Bonds, in each (if any) additional city or cities specified in the relevant Final Terms;
- (c) in relation to any sum payable in a currency other than Euro or Sterling, a day on which commercial banks and foreign exchange markets settle payments generally in London and Helsinki, and in the principal financial centre of the currency in which such financial indebtedness is denominated (which in the case of a payment in U.S. Dollars shall be New York) and, in respect of the Bonds, in each (if any) additional city or cities specified in the relevant Final Terms; and
- (d) for any other purpose, means a day (other than a Saturday or a Sunday) on which banks are open for general business in London and Helsinki and (if there are PP Notes outstanding) New York,

provided that when **Business Day** is used in relation to any Hedging Agreement, **Business Day** has the meaning given to it in that Hedging Agreement.

<b>Business Day Convention</b>	has the meaning given to it in Condition 22 ( <i>Definitions</i> ).
<b>Calculation Agency Agreement</b>	in relation to the Bonds of any Tranche, means an agreement in or substantially in the form scheduled to the Agency Agreement.
<b>Calculation Agent</b>	means, in relation to any Tranche of Bonds, the person appointed as calculation agent in relation to such Tranche of Bonds by the Issuer pursuant to the provisions of a Calculation Agency Agreement (or any other agreement) and shall include any Successor calculation agent appointed in respect of such Tranche of Bonds.
<b>Calculation Date</b>	means 30 June and 31 December in each year commencing on 30 June 2014 or such other dates as may be agreed as a result of a change in the financial year end (and associated change in the calculation of financial covenants) or regulatory year end relating to any Obligor and the Security Group.
<b>Call Protected Floating Rate Bonds</b>	means any Floating Rate Bonds, the Final Terms in respect of which, at the proposed date of redemption, would oblige the Issuer to pay a premium to par upon the optional early redemption of such Floating Rate Bonds.
<b>Capex Facility</b>	means a revolving overdraft and capital expenditure facility.
<b>Capex Facility Providers</b>	means the Original Initial ACF Lenders in their capacity as Capex Facility Providers together with any party which provides Elenia Networks or Elenia Heat with a Capex Facility and accedes to the Common Terms Agreement and the STID.
<b>Capital Expenditure</b>	means any expenditure or obligation in respect of such expenditure which,

in accordance with the Accounting Standards, is treated as capital expenditure (and including the capital element of any expenditure or obligation incurred in connection with a Finance Lease).

### **Cash**

means, at any time, cash in hand or at bank and (in the latter case) credited to an account in the name of an Obligor with an Acceptable Bank and to which an Obligor is alone (or together with other Obligors) beneficially entitled and for so long as:

- (a) that cash is repayable on demand or within 30 days of demand;
- (b) repayment of that cash is not contingent on the prior discharge of any other indebtedness of any member of the Security Group or of any other person whatsoever or on the satisfaction of any other condition; and
- (c) there is no Security Interest over that cash except under the Security Documents or any Permitted Security constituted by a netting or set-off arrangement entered into by any member of the Security Group in the ordinary course of their banking arrangements.

### **Cash Equivalent Investments**

means at any time:

- (a) certificates of deposit maturing within one year after the relevant date of calculation and issued by an Acceptable Bank;
- (b) any investment in marketable debt obligations issued or guaranteed by the government of:
  - (i) the United States of America;
  - (ii) the United Kingdom;
  - (iii) Finland; or
  - (iv) provided that it has a credit rating of not less than AA (or equivalent) by S&P, Fitch or Moody's, any member state of the European Economic Area or any Participating Member State,

or by an instrumentality or agency of any of them having an equivalent credit rating, maturing within one year after the relevant date of calculation and not convertible or exchangeable to any other security.

- (c) commercial paper not convertible or exchangeable to any other security:
  - (i) for which a recognised trading market exists;
  - (ii) issued by an issuer incorporated in:
    - (A) the United States of America;

- (B) the United Kingdom; or
- (C) provided that it has a credit rating of not less than AA (or equivalent) by S&P, Fitch or Moody's, any member state of the European Economic Area or any Participating Member State;
- (iii) which matures within six months after the relevant date of calculation; and
- (iv) which has a credit rating of either A-1 or higher by S&P or F1 or higher by Fitch or P-1 or higher by Moody's, or, if no rating is available in respect of the commercial paper, the issuer of which has, in respect of its long-term unsecured and non-credit-enhanced debt obligations, an equivalent rating;
- (d) any investment in money market funds which (i) have a credit rating of either A-1 or higher by S&P or F1 or higher by Fitch or P-1 or higher by Moody's, (ii) which invest substantially all of their assets in securities of the types described in paragraphs (b) and (c) above and (iii) can be turned into cash on not more than 30 days' notice; or
- (e) any other debt security approved by the Security Trustee in accordance with the STID, acting on the instructions of the Qualifying Secured Creditors,

in each case, denominated in Euros and to which any Obligor is alone (or together with other Obligors beneficially entitled at that time and which is not issued or guaranteed by any member of the Security Group or subject to any Security (other than Security arising under the Security Documents).

**Cash Management Agreement**

means the cash management agreement dated 10 December 2013 between the Cash Manager, the Obligors and the Security Trustee.

**Cash Management Fee Letter**

means the fee letter entered into between, among others, the Cash Manager and Elenia Networks on or before the Initial Issue Date.

**Cash Manager**

means (a) during a Standstill Period, the Standstill Cash Manager, and (b) prior to a Standstill Period and following termination of a Standstill Period pursuant to paragraph (a)(iii) of clause 20.4 (Termination of Standstill) of the STID, the Issuer.

**Cash Manager Services**

means the services to be provided by the Cash Manager or any Successor Cash Manager to the Obligors pursuant to the Cash Management Agreement.

**CGB**

means a Temporary Bearer Global Bond or a Permanent Bearer Global Bond, in either case where the applicable Final Terms specify that the Bonds are in CGB form.

<b>Charged Property</b>	means the property, assets, rights and undertaking of each Obligor that are the subject of the Security Interests created in or pursuant to the Security Documents and includes, for the avoidance of doubt, each Obligor's rights to or interests in any chose in action and each Obligor's rights under the Finance Documents.
<b>Chief Financial Officer</b>	means Elenia Networks' finance director or any statutory director of Elenia Networks, acting as that officer's deputy in that capacity or performing those functions.
<b>Class</b>	means in relation to the Bonds, each class of Bonds.
<b>Clearing Systems</b>	means Euroclear and Clearstream, Luxembourg, and/or any other local clearing system necessary or desirable to be used in connection with the sale of Bonds, within a particular jurisdiction or to particular investors.
<b>Clearstream, Luxembourg</b>	means Clearstream Banking, <i>société anonyme</i> .
<b>Combined Swap Transaction</b>	means a Swap Transaction and an Offsetting Transaction.
<b>Commitment</b>	has the meaning given to such term in the relevant Authorised Credit Facility Agreement.
<b>Common Depositary</b>	means the agent appointed by the International Central Securities Depositories to act as the common depositary for Euroclear and Clearstream, Luxembourg, in respect of the Bonds.
<b>Common Documents</b>	means the Security Documents, the Common Terms Agreement, the Master Definitions Agreement, the STID, the Account Bank Agreement and the Tax Deed of Covenant.
<b>Common Safekeeper or CSP</b>	means an ICSD in its capacity as common safekeeper or a person nominated by the ICSDs to perform the role of common safekeeper.
<b>Common Terms Agreement or CTA</b>	means the common terms agreement to be entered into between, among others, the Obligors, the Cash Manager, the Issuer and the Security Trustee dated 10 December 2013.
<b>Competition Act</b>	means the Competition Act (948/2011) ( <i>Kilpailulaki</i> ).
<b>Compliance Certificate</b>	means a certificate, substantially in the form scheduled to the Common Terms Agreement in which the Obligors periodically provide certain financial information and statements to the Security Trustee as required by the Common Terms Agreement.
<b>Conditions</b>	means in relation to the Bonds of any Tranche, the terms and conditions endorsed on or incorporated by reference into the Bond or Bonds constituting such Tranche, such terms and conditions being substantially in the form scheduled to the Bond Trust Deed or in such other form, having regard to the terms of the Bonds of the relevant Tranche, as may be agreed between the Issuer, the Bond Trustee and the relevant Dealer(s) as completed by the Final Terms applicable to the Bonds of the relevant



Tranche, in each case as from time to time modified in accordance with the provisions of the Bond Trust Deed and any reference in the Bond Trust Deed to a particular specified Condition or paragraph of a Condition shall be construed accordingly.

**Confidential Information** means all information relating to any member of the Security Group, the Finance Documents of which a Finance Party becomes aware in its capacity as, or for the purpose of becoming, a Finance Party or which is received by a Finance Party in relation to, or for the purpose of becoming a Finance Party under, the Finance Documents from either:

- (a) any member of the Security Group or any of its advisers; or
- (b) another Finance Party, if the information was obtained by that Finance Party directly or indirectly from any member of the Security Group or any of its advisers,

in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes information that:

- (i) is or becomes public information other than as a direct or indirect result of any breach by that Finance Party of clause 15 (Disclosure of Information) of the Common Terms Agreement; or
- (ii) is identified in writing at the time of delivery as non-confidential by any member of the Security Group or any of its advisers; or
- (iii) is known by that Finance Party before the date the information is disclosed to it in accordance with paragraphs (a) or (b) above or is lawfully obtained by that Finance Party after that date, from a source which is, as far as that Finance Party is aware, unconnected with the Security Group and which, in either case, as far as that Finance Party is aware, has not been obtained in breach of, and is not otherwise subject to, any obligation of confidentiality.

**Confidentiality Undertaking** means a confidentiality undertaking substantially in the then current recommended form of the LMA or in any other form agreed between Elenia Networks and the Security Trustee.

**Construction Price Index** means the building cost index published by Statistics Finland (at [https://www.stat.fi/meta/til/rki\\_en.html](https://www.stat.fi/meta/til/rki_en.html)) which describes relative changes in the building costs of building works and buildings of essentially identical structures in Finland by monitoring developments in the prices of the basic inputs used in their building.

**Consumer Protection Act** Consumer Protection Act (38/1978) (*Kuluttajansuojalaki*).

**Coupon** means an interest coupon appertaining to a Bearer Definitive Bond (other than a Zero Coupon Bond), such coupon being:

- (a) if appertaining to a Fixed Rate Bond, a Floating Rate Bond or an

Index-Linked Bond, in the form or substantially in the form scheduled to the Bond Trust Deed or in such other form, having regard to the terms of issue of the Bonds of the relevant Tranche, as may be required in any jurisdiction in which a particular Tranche of Bonds may be issued or sold from time to time or as otherwise agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s); or

- (b) if appertaining to a Bearer Definitive Bond which is neither a Fixed Rate Bond nor a Floating Rate Bond nor an Index-Linked Bond, in such form as may be required in any jurisdiction in which a particular Tranche of Bonds may be issued or sold from time to time or as otherwise agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s),

and includes, where applicable, the Talon(s) appertaining thereto and any replacements for Coupons and Talons issued pursuant to Condition 14 (*Replacement of Bonds, Coupons, Receipts and Talons*).

**Couponholders**

means the several persons who are, for the time being, holders of the Coupons and includes, where applicable, the Talonholders.

**CP Agreement**

means the conditions precedent agreement to be entered into between, among others the Bond Trustee, the Security Trustee and the Obligors on 16 December 2013.

**DAS**

Dutch Accounting Standards.

**Dealers**

means each of the Initial Dealers, any New Dealer (as defined in the Dealership Agreement) appointed in accordance with the Dealership Agreement and excludes any entity whose appointment has been terminated pursuant to the Dealership Agreement and references in the Dealership Agreement to the relevant Dealer shall, in relation to any Bond, be references to the Dealer or Dealers with whom the Issuer has agreed the initial issue and purchase of such Bond.

**Dealership Agreement**

means the agreement dated 5 December 2013 between, among others, the Issuer, the Parent, Elenia Networks and the Dealers named therein (or deemed named therein) concerning the purchase of Bonds to be issued pursuant to the Programme together with any agreement for the time being in force amending, replacing, novating or modifying such agreement and any accession letters and/or agreements supplemental thereto.

**Debt Service Reserve Account**

means an account opened and maintained by Elenia Networks, Elenia Heat or the Issuer (as the case may be) entitled "Debt Service Reserve Account" which may be credited with a cash reserve for satisfying all or part of the minimum debt service funding requirements set out in the Common Terms Agreement, or such other account as may be opened, with the consent of the Security Trustee, at any branch of the Account Bank in replacement of such account.

**Debt Service Reserve**

means any mandate entered into in connection with the establishment of a

<b>Account Mandate</b>	Debt Service Reserve Account in accordance with the terms of the Account Bank Agreement.
<b>Decision Period</b>	means the relevant period of time Secured Creditors (acting through their Secured Creditor Representatives) have to respond or vote on certain matters as set out in the STID.
<b>Default</b>	means: <ul style="list-style-type: none"> <li>(a) an Event of Default; or</li> <li>(b) an event or circumstance which would be (with the expiry of a grace period, the giving of notice, or the making of any determination or any combination of the foregoing) an Event of Default.</li> </ul>
<b>Default Ratio</b>	means: <ul style="list-style-type: none"> <li>(a) in respect of the Interest Coverage Ratio, 1.20 to 1; and</li> <li>(b) in respect of the Leverage Ratio, 10.50 to 1.</li> </ul>
<b>Defeasance Account</b>	means each account opened by Elenia Networks or the Issuer with the Account Bank in accordance with the Account Bank Agreement in respect of Defeased Debt.
<b>Defeasance Amount</b>	means amounts standing to the credit of the Defeasance Accounts or any amount representing proceeds of withdrawal from the Defeasance Account.
<b>Defeased Debt</b>	means any Secured Debt under paragraphs (d) or (e) of that definition in respect of which the relevant Secured Creditor Representative has designated the relevant Secured Debt as Defeased Debt.
<b>Definitive Bond</b>	means a Bearer Definitive Bond and/or, as the context may require, a Registered Definitive Bond.
<b>Designated Website</b>	means initially, <a href="http://www.elenia.com/en/financialinformation/debt-investor-information">http://www.elenia.com/en/financialinformation/debt-investor-information</a> and any other website indicated in accordance with the Common Terms Agreement.
<b>Determination Date</b>	means the date which is five Business Days prior to a Payment Date.
<b>Determination Dissenting Creditors</b>	means Qualifying Secured Creditors (acting through their respective Secured Creditor Representatives, if any) representing at least 10 per cent. of the Outstanding Principal Amount of the Qualifying Senior Debt, acting in accordance with the STID.
<b>Determination Dissenting Notice</b>	means a notice given by the Security Trustee, acting on the instruction of the Determination Dissenting Creditors in accordance with the STID, informing the Security Group Agent in writing within five Business Days of receipt of the relevant STID Proposal from the Security Group Agent that the Determination Dissenting Creditors disagree with the determination of voting category made in a STID Proposal, all in

accordance with the STID.

<b>Direction Notice</b>	means, in respect of any matter which is not the subject of a STID Proposal or a Qualifying Secured Creditor Instruction Notice, a notice delivered by the Security Trustee requesting instruction from the Qualifying Secured Creditors as to whether the Security Trustee should agree to a consent, waiver or modification or exercise a right or discretion pursuant to the Finance Documents and the manner in which it should do so, delivered in accordance with the STID.
<b>Discretion Matter</b>	means a matter in which the Security Trustee may exercise its discretion to approve any request made in a STID Proposal subject to and in accordance with clause 14.1 (General discretion to modify, consent or waive in respect of Discretion Matters) of the STID without any requirement to seek the approval of any Secured Creditor or any of their representatives.
<b>Disposal</b>	means a sale, lease, licence, transfer, loan or other disposal by a person of any asset, undertaking or business (whether by a voluntary or involuntary single transaction or series of transactions).
<b>Disposed Entity</b>	means the Obligor or the Holding Company of an Obligor whose shares are disposed of as a Distressed Disposal in accordance with the STID.
<b>Dispute</b>	means any dispute arising out of or in connection with the Finance Documents.
<b>Dissenting Creditors</b>	means the Determination Dissenting Creditors or the Entrenched Right Dissenting Creditors in accordance with the STID.
<b>Distressed Disposal</b>	<p>means a disposal of an asset of a member of the Security Group being effected:</p> <ul style="list-style-type: none"><li>(a) pursuant to instruction in accordance with the STID in circumstances where the Security has become enforceable; or</li><li>(b) by enforcement of the Security.</li></ul>
<b>Distribution Compliance Period</b>	has the meaning given to that term in Regulation S under the Securities Act.
<b>Drawdown Prospectus</b>	means a separate prospectus specific to a Tranche of Bonds.
<b>DTC</b>	means the Depository Trust Company.
<b>Early Termination Date</b>	means the date set out in the relevant Hedging Agreement.
<b>EBIT</b>	<p>means, in respect of any Relevant Period, the consolidated operating profit of the Security Group before taxation (including the results from discontinued operations):</p> <ul style="list-style-type: none"><li>(a) <b>before deducting</b> any interest, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments whether paid, payable or capitalised by any member of</li></ul>

the Security Group (calculated on a consolidated basis) in respect of that Relevant Period;

- (b) **not including** any accrued interest owing to any member of the Security Group;
- (c) **before taking into account** any Exceptional Items;
- (d) **before taking into account** any unrealised gains or losses on any derivative instrument (other than any derivative instrument which is accounted for on a hedge accounting basis);
- (e) **before taking into account** any Pension Items;
- (f) **after adding back**, to the extent not already included, any business interruption loss incurred which is covered by insurance; and
- (g) **after adding back**, to the extent deducted, any costs or provisions relating to any management incentive schemes of the Security Group,

in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining operating profits of the Security Group before taxation.

**EBITDA**

means, in respect of any Relevant Period, EBIT for that Relevant Period **after adding back** any amount attributable to the amortisation, depreciation or impairment of assets of members of the Security Group.

**EM Act 2013**

Electricity Market Act (588/2013) (*Sähkömarkkinalaki*).

**Electricity Market Decree**

Electricity Market Decree (65/2009) (*Valtioneuvoston asetus sähkömarkkinoista*).

**Electronic Consent**

means, where the terms of the proposed resolution have been notified to the Bondholders through the relevant clearing system(s), each of the Issuer and the Bond Trustee shall be entitled to rely upon approval of such resolution (in a form satisfactory to the Bond Trustee) proposed by the Issuer or the Bond Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders representing 75 per cent. or more of the aggregate Principal Amount Outstanding of the Bonds then outstanding, in accordance with the terms of the Bond Trust Deed.

**Elenia Finance (SPPS)  
Finnish Pledge**

means the Finnish law pledge granted on the Initial Issue Date by Elenia Finance (SPPS) in favour of the Secured Creditors represented by the Security Trustee over its bank accounts.

**Elenia Heat Liquidity  
Shortfall**

means after taking into account funds available for drawing from Elenia Heat's Debt Service Reserve Account and its Operating Accounts, with respect to any Payment Date under the Liquidity Facility Agreement (as determined by the Cash Manager on the Determination Date), there will

be insufficient funds to pay on such Payment Date any of the amounts to be paid in respect of items (a) to (f) (inclusive but (1) excluding paragraph (d) and (2) in the case of paragraphs, (e) and (f) only in respect of amounts owed by Elenia Heat as borrower under the Initial Authorised Credit Facilities or any WC Facility or Capex Facility) of the Pre-Enforcement Priority of Payments.

<b>Elenia Heat Loan Agreement</b>	means the loan agreement entered into on 10 December 2013 between Elenia Heat as lender and the Issuer as borrower.
<b>Elenia Holdings Finnish Pledge</b>	means the Finnish law pledge granted on the Initial Issue Date by Elenia Holdings in favour of the Secured Creditors represented by the Security Trustee over its shares in Elenia Networks and its bank accounts.
<b>Elenia Networks Loan Agreement</b>	means the loan agreement entered into on 10 December 2013 between Elenia Networks as lender and the Issuer as borrower.
<b>Elenia Services Finnish Pledge</b>	means the Finnish law pledge granted on 23 December 2014 by Elenia Services in favour of the Secured Creditors represented by the Security Trustee over its current and future assets including, without limitation, the business mortgage promissory note(s) (in Finnish: <i>yrityskiinnityspanttivelkakirja</i> ) issued by Elenia Services.
<b>Elenia Services Finnish Share Pledge</b>	means the Finnish law pledge granted on 19 December 2014 by Elenia Networks in favour of the Secured Creditors represented by the Security Trustee over the shares in Elenia Services.
<b>Enforcement Action</b>	<p>means any action by or on behalf of the Secured Creditors in respect of:</p> <ul style="list-style-type: none"> <li>(a) demanding payment of any Liabilities (other than scheduled payments);</li> <li>(b) accelerating any of the Liabilities or otherwise declaring any Liabilities prematurely due and payable or payable on demand or the premature termination or close-out of any Liabilities under a Hedging Agreement (other than a Permitted Hedge Termination);</li> <li>(c) enforcing any Liabilities by attachment, set-off, execution, diligence, arrestment or otherwise;</li> <li>(d) crystallising, or requiring the Security Trustee to crystallise, any floating charge in the Security Documents;</li> <li>(e) enforcing, or requiring the Security Trustee to enforce, any Security Interests;</li> <li>(f) initiating or supporting or taking any action or step with a view to: <ul style="list-style-type: none"> <li>(i) any insolvency, bankruptcy, liquidation, reorganisation, administration, receivership, administrative receivership, winding up, judicial composition or dissolution proceedings or any analogous proceedings in relation to any Obligor in any jurisdiction;</li> </ul> </li> </ul>

- (ii) any voluntary arrangement, scheme of arrangement or assignment for the benefit of creditors; or
- (iii) any similar proceedings involving any Obligor whether by petition, convening a meeting, voting for a resolution or otherwise;
- (g) bringing or joining any legal proceedings against any Obligor (or any of its Subsidiaries) to recover any Liabilities;
- (h) exercising any right to require any insurance proceeds to be applied in reinstatement of any asset subject to any Security Interests; or
- (i) otherwise exercising any other remedy for the recovery of any Liabilities.

**Enforcement Period**

means any period from and including the termination of a Standstill (other than in accordance with paragraph (a)(iii) of clause 20.4 of the STID) to and excluding the earlier of the date on which the Secured Liabilities have been discharged in full and the date on which the Security Trustee, acting in accordance with the instructions of the relevant Secured Creditors pursuant to the STID, notifies the Obligors that the Enforcement Period has ended.

**Entrenched Right  
Dissenting Creditor**

means a creditor whose Entrenched Rights may be affected by a STID Proposal and who disagrees with the determination of whether such STID Proposal gives rise to an Entrenched Right affecting such Secured Creditor and notifies the Security Group Agent of the same in accordance with the terms of the STID.

**Entrenched Right  
Dissenting Notice**

means a notice delivered by the Security Trustee (following notification by an Entrenched Right Dissenting Creditor), notifying the Security Group Agent in accordance with the terms of the STID.

**Entrenched Rights**

are matters which:

- (a) would delay the date fixed for payment of principal or interest in respect of the relevant Secured Creditor's debt or would reduce the amount of principal or make-whole amounts or the rate of interest payable in respect of such debt;
- (b) would bring forward the date fixed for payment of principal or interest in respect of a Secured Creditor's debt or would increase the amount of principal or the rate of interest payable on any date in respect of the Secured Creditor's debt;

- (c) would adversely change or have the effect of adversely changing any requirement set out in any Common Document that certain payments, applications or distributions should be made in accordance with the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments or would adversely change or have the effect of adversely changing the Post-Enforcement Priority of Payments, the Pre-Enforcement Priority of Payments or application thereof (including by amending any of the defined terms referred to in the Post-Enforcement Priority of Payments or the Pre-Enforcement Priority of Payments) in respect of a Secured Creditor (including the ranking of its claims);
- (d) would have the effect of adversely changing the application of any proceeds of enforcement of the Security Documents;
- (e) would deprive a Secured Creditor of its status as a Secured Creditor
- (f) would result in the exchange of the relevant Secured Creditor's debt for, or the conversion of such debt into, shares, notes or other obligations of any other person;
- (g) would change or would relate to the currency of payment due under the relevant Secured Creditors debt (other than, in relation to Sterling-denominated debt, due to the United Kingdom adopting the Euro);
- (h) would change or would relate to any existing obligation of an Obligor to gross up any payment in respect of the relevant Secured Creditor's debt in the event of the imposition of withholding taxes;
- (i) would change or would have the effect of changing: (i) any of the following definitions or their use: Qualifying Secured Creditors, Qualifying Secured Debt, Qualifying Senior Debt, STID Proposal, Discretion Matter, Ordinary Voting Matter, Secured Debt, Extraordinary Voting Matter, Voted Qualifying Debt, Reserved Matter, Entrenched Right, Secured Liabilities; (ii) the Decision Period, Quorum Requirement or voting majority required in respect of any Ordinary Voting Matter, Extraordinary Voting Matter, Qualifying Secured Creditor Instruction Notice or Direction Notice; (iii) any of the matters that give rise to Entrenched Rights under the STID (iv) clause 17.1 (Scope of Entrenched Rights) of the STID; or (v) the manner in which Entrenched Rights or Reserved Matters may be exercised or the consequences of exercising such Entrenched Rights or Reserved Matters.
- (j) would change or have the effect of changing clause 11.3 (Participating Qualifying Secured Creditors) of the STID;
- (k) would change or have the effect of changing the Reserved Matters



as listed in schedule 3 of the STID;

- (l) would change or have the effect of changing the percentage of Qualifying Secured Creditors that can terminate a Standstill Period;
- (m) would change or would have the effect of changing the governing law or the dispute resolution clauses of any Common Document;
- (n) would approve an assignment of any rights or a transfer of any obligations of an Obligor under any Common Document (other than as contemplated in any Common Document);
- (o) in respect of each Hedge Counterparty:
  - (i) would change or would have the effect of changing any of the following definitions: Borrower Hedge Counterparty, Borrower Hedging Agreement, Borrower Hedging Transaction, Borrower Subordinated Hedge Amounts, Combined Swap Transaction, Hedge Counterparties, Hedging Agreement, Hedging Policy, Hedging Transaction, Hedge Replacement Premium, ISDA Master Agreement, Issuer Hedge Counterparty, Issuer Hedging Agreement, Issuer Hedging Transaction, Issuer Subordinated Hedge Amounts, Pari Passu Borrower Hedge Counterparty, Pari Passu Borrower Hedging Agreement, Pari Passu Hedge Counterparty, Pari Passu Hedging Agreement, Pari Passu Issuer Hedge Counterparty, Pari Passu Issuer Hedging Agreement, Pari Passu Issuer Hedging Transaction, Super Senior Borrower Hedging Agreement, Super Senior Hedge Counterparty, Super Senior Hedging Agreement, Super Senior Issuer Hedging Agreement or Swap Transaction;
  - (ii) would change or would have the effect of changing the limits specified in paragraphs 9 and 10 (General Principles) and paragraphs 12 to 16 (Interest Rate Risk Principles) of schedule 7 (Hedging Policy) of the Common Terms Agreement;
  - (iii) would change or have the effect of changing the definition of Permitted Hedge Termination or any of the Hedge Counterparties' rights to terminate the Hedging Agreements as set out in the Hedging Policy (including but not limited to paragraphs 8 and 21 of schedule 7 (Hedging Policy) of the Common Terms Agreement;
  - (iv) would change or have the effect of changing clause 7.1 (Events of Default) of the Common Terms Agreement;

- (v) would change or have the effect of changing the definition of Acceleration Notice or would change or have the effect of changing clause 22.1 (Acceleration of Secured Liabilities), clause 22.2 (Automatic Acceleration of Secured Liabilities), clause 22.3 (Permitted Share Pledge Acceleration), clause 22.5 (Consequences of Delivery of Acceleration Notice) of the STID or clause 23.4 (Post-Enforcement Priority of Payments) of the STID;
- (vi) would change or have the effect of changing the purpose of the Liquidity Facility so as to result in it no longer being available to service payments due under the Hedging Agreements;
- (vii) would release any of the Security (unless at least equivalent replacement security is taken at the same time) unless such release is permitted in accordance with the Common Documents; and
- (viii) would change or have the effect of changing paragraph 13 (Disposals) of part 3 (General Covenants) of schedule 2 (Security Group Covenants) of the Common Terms Agreement;
- (p) in respect of each Liquidity Facility Provider, would change the effect of clause 23.4 (Post-Enforcement Priority of Payments) of the STID or would affect the ability of such Liquidity Facility Provider to enforce its rights under a Liquidity Facility Agreement; and
- (q) in respect of each Original Initial ACF Lender, relates to those changes referred to in paragraphs (a) of clause 31.2 (Exceptions) of the Initial Authorised Credit Facilities Agreement and (2) in respect of each Affected Lender (as such term is defined in the Initial Authorised Credit Facilities Agreement), related to those changes referred to in paragraph (b) of clause 31.2 (Exceptions) of the Initial Authorised Credit Facilities Agreement.

**Environment**

means humans, animals, plants and all other living organisms including the ecological systems of which they form a part and the following media:

- (a) air (including air within natural or man-made structures, whether above or below ground);
- (b) water (including territorial, coastal and inland waters, water under or within land and water in drains and sewers); and
- (c) land (including land under water).

**Environmental Claim**

means any claim, proceeding, formal notice or investigation by any person in respect of any Environmental Law.

<b>Environmental Law</b>	means any applicable law or regulation which relates to: <ul style="list-style-type: none"> <li>(a) the pollution or protection of the Environment;</li> <li>(b) the conditions of the workplace; or</li> <li>(c) the generation, handling, storage, use, release or spillage of any substance which, alone or in combination with any other, is capable of causing harm to the Environment, including any waste.</li> </ul>
<b>Environmental Permits</b>	means any permit and other Authorisation required under any Environmental Law for the operation of the business of any member of the Security Group conducted on or from the properties owned or used by any member of the Security Group.
<b>Environmental Protection Act</b>	means the Environmental Protection Act (527/2014) ( <i>Ympäristönsuojelulaki</i> ).
<b>Environmental Protection Decree</b>	means the Environmental Protection Decree (713/2014) ( <i>Ympäristönsuojeluasetus</i> ).
<b>Equity Cure Amount</b>	means the Additional Equity provided by the Investors in an amount at least sufficient for the amount necessary to cure the relevant breach of a Financial Ratio Event of Default, as more fully set out in the Common Terms Agreement.
<b>Equity Cure Right</b>	means a right afforded to the Investors to cure certain Financial Ratio Event of Default as more fully set out in the Common Terms Agreement.
<b>Equivalent Amount</b>	means the amount in question expressed in the terms of the Base Currency, calculated on the basis of the Exchange Rate.
<b>Establishment Date</b>	means the date of this Prospectus.
<b>EURIBOR</b>	<ul style="list-style-type: none"> <li>(a) in respect of the Bonds, means the euro-zone interbank offered rate;</li> <li>(b) in respect of the Initial Authorised Credit Facility has the meaning set out in clause 1.1 (Definitions) of the Initial Authorised Credit Facilities Agreement; and</li> <li>(c) in respect of all other Authorised Credit Facilities, has the meaning set out therein.</li> </ul>
<b>Euro or €</b>	means the single currency of the Participating Member States.
<b>Euroclear</b>	means Euroclear Bank SA/NV.
<b>European Market Infrastructures Regulation or EMIR</b>	means Regulation (EU) 648/2012.
<b>Eurosystem-eligible NGB</b>	means an NGB which is intended to be held in a manner which would allow Eurosystem eligibility, as stated in the applicable Final Terms.

<b>Event of Default</b>	means an event or circumstance specified as such in the Common Terms Agreement, as more fully set out in " <i>Summary of the Common Documents – Common Terms Agreement – Events of Default</i> " above.
<b>Exceptional Items</b>	means any exceptional, one-off, non-recurring or extraordinary items.
<b>Exchange Agent</b>	means Citibank, N.A., London Branch (or any successor thereto) in its capacity as exchange agent under the Agency Agreement in respect of the Bonds.
<b>Exchange Date</b>	means the date which falls 40 days after a Temporary Bearer Global Bond has been issued.
<b>Exchange Rate</b>	<p>means the strike rate specified in any related Super Senior Hedging Agreement or Pari Passu Hedging Agreement or, failing that, the spot rate for the conversion of the Non-Base Currency into the Base Currency as quoted by the Agent Bank as at 11.00 a.m.:</p> <ul style="list-style-type: none"> <li>(a) for the purposes of clauses 13.7 (STID Voting Request), 25.2 (Quorum and voting requirements in respect of a Direction Notice) or 24 (Qualifying Secured Creditor Instructions) of the STID, on the date that the STID Voting Request, Direction Notice or a Qualifying Secured Creditor Instruction Notice (as the case may be) is dated; and</li> <li>(b) in any other case, on the date as at which calculation of the Equivalent Amount of the Outstanding Principal Amount is required,</li> </ul> <p>and, in each case, as notified by the Agent Bank to the Bond Trustee.</p>
<b>Excluded Group Entity</b>	<p>means;</p> <ul style="list-style-type: none"> <li>(a) each Affiliate or Related Fund of the Parent;</li> <li>(b) each shareholder of each Holding Company of the Parent and Kimi BV, Pispala BV and Tampere BV and each of their respective Affiliates or Related Funds;</li> <li>(c) all shareholders of each Holding Company of Kimi BV, Pispala BV and Tampere BV;</li> <li>(d) any Investor and any funds controlled or managed by them or their respective Affiliates or Related Funds including: (i) in the case of 3iNF, funds managed by 3i Investments plc or any of its Affiliates or by a successor investment manager of 3iNF or advised as to investments where 3i Investments plc or any of its Affiliates or a successor adviser is that fund's principal adviser and (ii) in the case of GSIP, funds controlled by any Affiliate of Goldman, Sachs &amp; Co.;</li> <li>(e) any transferees, successors, assigns or beneficiaries in part or in whole of the economic interests of any of the parties described in</li> </ul>

(a) to (d) (inclusive) above and/or any other person with an equity or subordinated economic interest in any member of the Security Group;

(f) any person having an analogous economic interest in the Security Group to those held (on the Initial Issue Date) by the persons described above; and

(g) any Affiliates or Related Funds of the above.

**Excluded Tax**

means, in relation to any person, any Tax:

(a) imposed on or calculated by reference to the net income, profits or gains of that person, in each case excluding any deemed income, profits or gains of that person other than to the extent such deemed income, profits or gains are matched by any actual income, profits or gains of an Affiliate of that person; or

(b) that arises from the fraud, gross negligence or wilful default of the relevant person,

in each case including any related costs, fines, penalties or interest (if any).

**Existing Facilities Agreement**

means the €1,250,000,000 senior term and revolving facilities agreement dated 9 December 2011 entered into by, among others, Elenia Networks and Crédit Agricole Corporate and Investment Bank as agent.

**Existing Indebtedness**

means the financial indebtedness outstanding under the Existing Facilities Agreement.

**Existing Security Interests**

means any Security Interests entered into in connection with the Existing Facilities Agreement.

**Extraordinary Resolution**

means: (a) a resolution approved by the Bondholders by a majority of not less than three-quarters of the aggregate Principal Amount Outstanding of the outstanding Bonds who (i) for the time being are entitled to receive notice of a voting matter and (ii) have participated in the approval process in respect of such resolution, subject to the quorum requirements set out in the Bond Trust Deed; (b) a resolution signed in writing by or on behalf of the holders of not less than three-quarters of the aggregate Principal Amount Outstanding of the outstanding Bonds who for the time being are entitled to receive notice of a voting matter, which resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Bondholders; or (c) a resolution by Electronic Consent.

**Extraordinary STID Resolution**

means a resolution in respect of an Extraordinary Voting Matter, passed in accordance with the terms of the STID.

**Extraordinary Voting Matters**

means any matters which:

(a) would change (i) material definitions which relate to the key structural principles on which the voting mechanics of the

Extraordinary Voting Matters have been founded, or (ii) any of the matters constituting Extraordinary Voting Matters;

- (b) would change any Event of Default or any Trigger Event each in relation to non-payment, the making of Restricted Payments, financial ratios or credit rating downgrade (in the case of a Trigger Event only);
- (c) would relate to the waiver of any Event of Default or any Trigger Event each in relation to non-payment, credit rating downgrade (in the case of a Trigger Event only), financial ratios or the making of Restricted Payments;
- (d) would change in any adverse respect the restriction on any disposal of Elenia Networks or relate to a consent in respect of any such disposal;
- (e) would materially change or have the effect of materially changing the definition of Permitted Business;
- (f) would change or have the effect of changing the provisions relating to or relate to the waiver of the Permitted Additional Financial Indebtedness tests set out in the definition of "Permitted Additional Financial Indebtedness" in the MDA;
- (g) would result in the Aggregate Available Liquidity being less than the Liquidity Required Amount and, to the extent that the passing of an Extraordinary Resolution on the matters referred to in this subparagraph (g) necessitates an amendment to any Trigger Event, the amendment to that Trigger Event shall be an Extraordinary Voting Matter;
- (h) would bring forward the scheduled maturity date of any Financial Indebtedness following the occurrence of a Trigger Event which is continuing; or
- (i) would release any of the Security (unless equivalent replacement security is taken at the same time) unless such release is permitted in accordance with the terms of the Common Documents.

**Facility Agent**

means, as the context requires, any or all of the Initial ACF Agent, the Initial Liquidity Facility Agent and any agent appointed in respect of any Authorised Credit Facility.

**FAS**

Finnish Accounting Standards.

**FFO**

means, in respect of any Relevant Period, EBITDA for that Relevant Period **after deducting** payments in respect of Taxes which are due to be paid in that Relevant Period.

**Final Maturity Date**

means:

- (a) in relation to a Bond, the final date on which that Bond is expressed to be redeemable; and

- (b) in relation to any other Authorised Credit Facility, the date on which all financial accommodation made available under that Authorised Credit Facility is expressed to be repayable in full (without any further obligation on the relevant Authorised Credit Provider to continue to make available such financial accommodation).

**Final Terms**

means the final terms issued in relation to each Tranche of Bonds as a supplement to the Conditions and giving details of the Tranche.

**Finance Charges**

means, for any Relevant Period, the aggregate amount of the accrued interest, commission, commitment fees, discounts, prepayment fees, premiums or charges and other finance payments in respect of Borrowings whether paid, payable or capitalised by any member of the Security Group (calculated on a consolidated basis) in respect of that Relevant Period:

- (a) **excluding** any costs unless such costs have been funded by a utilisation of facility;
- (b) **including** the interest (but not the capital) element of payments in respect of Finance Leases;
- (c) **including** any commission, fees, discounts and other finance payments payable by (and deducting any such amounts payable to) any member of the Security Group under any interest rate hedging arrangement; and
- (d) **excluding** capitalised and non-capitalised interest, fees, premiums or charges in respect of Financial Indebtedness subordinated to the Financial Indebtedness arising pursuant to the MDA in accordance with the STID.

**Finance Document**

means:

- (a) each Hedging Agreement and any other credit support or collateral documentation entered into in connection therewith or pursuant thereto;
- (b) the Initial Authorised Credit Facilities Agreement;
- (c) the Bonds (including any applicable Coupons and Final Terms);
- (d) the Bond Trust Deed (including the Conditions);
- (e) the Security Documents;
- (f) the Common Terms Agreement;
- (g) the Master Definitions Agreement;
- (h) the Account Bank Agreement;
- (i) the Liquidity Facility Agreement;

- (j) (i) any fee letter, commitment letter or request entered into in connection with the facilities referred to in paragraph (b) above or (n) below or the transactions contemplated in such facilities and (ii) any other document that has been entered into in connection with such facilities or the transactions contemplated thereby that has been designated as a Finance Document by the parties thereto (including at least one Obligor);
- (k) the CP Agreement;
- (l) the Tax Deed of Covenant;
- (m) the PP Note Documents;
- (n) any other Authorised Credit Facilities;
- (o) the Elenia Networks Loan Agreement;
- (p) the Elenia Heat Loan Agreement;
- (q) the Agency Agreement;
- (r) the Issuer Corporate Services Agreement;
- (s) the Cash Management Agreement;
- (t) any amendment and/or restatement agreement relating to any of the above documents; and
- (u) each agreement or other instrument between at least one Obligor and an Additional Secured Creditor designated as a Finance Document by at least one Obligor, the Security Trustee and such Additional Secured Creditor in the Accession Memorandum for such Additional Secured Creditor.

**Finance Lease**

means any lease or hire purchase contract which would, in accordance with the Accounting Standards, be treated as a finance or capital lease.

**Finance Party**

means any person providing credit pursuant to an Authorised Credit Facility including the Administrative Parties and all other arrangers, agents, representatives and trustees appointed in connection with any such Authorised Credit Facilities.

**Financial Indebtedness**

means any indebtedness for or in respect of:

- (a) moneys borrowed and debit balances at banks or other financial institutions;
- (b) any acceptance under any acceptance credit or bill discounting facility (or dematerialised equivalent);
- (c) any bonds, debentures, notes, loan stock or any similar instrument;



- (d) the amount of any liability in respect of Finance Leases;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any Treasury Transaction (and, when calculating the value of that Treasury Transaction, only the mark-to-market loss to the Security Group (or, if any actual amount is due from the Security Group as a result of the termination or close out of that Treasury Transaction, that amount) shall be taken into account);
- (g) any counter-indemnity obligation in respect of any guarantee, indemnity, bond, standby or documentary letter of credit or other instrument issued by a bank or financial institution;
- (h) any amount raised by the issue of redeemable shares which are redeemable before the Final Maturity Date or are otherwise classified as borrowings under the Accounting Standards;
- (i) any amount of any liability under an advance or deferred purchase agreement if (i) one of the primary reasons behind entering into the agreement is to raise finance or to finance the acquisition or construction of the asset or service in question or (ii) the agreement is in respect of the supply of assets or services and payment is due more than 120 days after the date of supply; or
- (j) any amount raised under any other transaction (including any forward sale or purchase, sale and sale-back or sale and leaseback agreement) having the commercial effect of a borrowing or otherwise classified as borrowings under the Accounting Standards; and
- (k) the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs (a) to (j) above,

but in each case without double counting.

**Financial Ratio Event of Default**

means an Event of Default where, as at the relevant Calculation Date as stated in the Compliance Certificate provided to the Security Trustee, either: (a) the Interest Coverage Ratio; and/or (b) the Leverage Ratio breaches the relevant Default Ratio, provided that an Event of Default under (a) or (b) may be cured by exercise of any Equity Cure Right, as more fully set out in the Common Terms Agreement.

**Financial Statements**

the Annual Financial Statements or the Semi-Annual Financial Statements as applicable.

**Financial Year**

means the annual accounting period of the Security Group ending on or about 31 December in each year.

**Finnish Pledges**

means:

- (a) the Elenia Networks Finnish Pledge;
- (b) the Elenia Heat Finnish Pledge;
- (c) the Elenia Holdings Finnish Pledge;
- (d) the Elenia Finance (SPPS) Finnish Pledge;
- (e) the Issuer Finnish Pledge;
- (f) the Parent Finnish Pledge;
- (g) the Kimi BV Finnish Pledge;
- (h) the Pispala BV Finnish Pledge;
- (i) the Tampere BV Finnish Pledge;
- (j) the Elenia Services Finnish Pledge; and
- (k) the Elenia Services Finnish Share Pledge.

**Finnish Act on Payment Order of Creditors**

Means the Finnish Act on Payment Order of Creditors (1578/1992) (*Laki velkojen maksunsaantijärjestyksestä*).

**Finnish CPI**

means the Consumer Price Index as published by Statistics Finland from time to time.

**Finnish Mortgages**

means:

- (a) the Finnish law real estate and asset security in respect of real properties held by Elenia Networks granted in favour of the Secured Creditors represented by the Security Trustee on the Initial Issue Date; and
- (b) the Finnish law real estate and asset security in respect of real properties held by Elenia Heat granted in favour of the Secured Creditors represented by the Security Trustee on the Initial Issue Date.

**Fitch**

means Fitch Ratings Ltd And any successor to the rating agency business of Fitch Ratings Ltd.

**Fixed Rate Bond**

means a Bond on which interest is calculated at a fixed rate payable in arrears on a fixed date or fixed dates in each year and on redemption or on such other dates as may be agreed between the Issuer and the relevant Dealer(s) (as indicated in the applicable Final Terms).

**Floating Rate Bond**

means a Bond on which interest is calculated at a floating rate payable in arrears in respect of such period or on such date(s) as may be agreed between the Issuer and the relevant Dealer(s) (as indicated in the applicable Final Terms).

<b>Form of Transfer</b>	means the form of transfer endorsed on a Registered Definitive Bond in the form or substantially in the form scheduled to the Bond Trust Deed.
<b>FSMA</b>	means the Financial Services and Markets Act 2000.
<b>Further Authorised Credit Provider</b>	means any Authorised Credit Provider which accedes to the Common Terms Agreement and the STID following the date on which the Common Terms Agreement and STID are entered into.
<b>Gas Distribution Licence</b>	means the natural gas network licence issued to Elenia Heat by the Regulator.
<b>Global Bond</b>	means a Temporary Bearer Global Bond and/or a Permanent Bearer Global Bond issued in respect of the Bonds of any Tranche and/or a Registered Global Bond, as the context may require.
<b>Group Contribution</b>	means a taxable non-equity contribution from a company engaged in business activity in Finland to another company in Finland for its business activity, as defined in Section 2 of the Act on Group Contribution in Taxation (825/1986).
<b>GSIP</b>	means, together, GSIP II Global and GSIP II International.
<b>GSIP II Global</b>	means GS Global Infrastructure Partners II, L.P.
<b>GSIP II International</b>	means GS International Infrastructure Partners II, L.P.
<b>Guarantee</b>	means, in relation to each Guarantor, the guarantee of such Guarantor given by it pursuant to the STID and secured under the relevant Security Documents to which it is a party.
<b>Guarantor</b>	means each of Elenia Networks, Elenia Services, the Parent, Elenia Holdings, Elenia Finance (SPPS) and Elenia Heat.
<b>Guarantor Information</b>	means the information set out in this Prospectus in relation to the Guarantors and the Guarantee provided by each Guarantor.
<b>Hedge Counterparties</b>	means the Issuer Hedge Counterparties and the Borrower Hedge Counterparties and <b>Hedge Counterparty</b> means any of such parties.
<b>Hedge Replacement Premium</b>	means a premium or upfront payment received by Elenia Networks or the Issuer (as the case may be) from a replacement hedge counterparty under a replacement hedge agreement entered into with Elenia Networks or the Issuer (as the case may be) to the extent of any termination payment due to a Hedge Counterparty under a Hedging Agreement.
<b>Hedging Agreement</b>	means a Borrower Hedging Agreement, an Issuer Hedging Agreement or, where the context requires, both.
<b>Hedging Policy</b>	means the initial hedging policy applicable to the Obligors set out in the Common Terms Agreement as such hedging policy may be amended from time to time by agreement between the Security Trustee, the Issuer, Elenia Networks and the Hedge Counterparties in accordance with the STID.

<b>Hedging Transaction</b>	means a Borrower Hedging Transaction, an Issuer Hedging Transaction or, where the context requires, all of them.
<b>Holdco</b>	means Lakeside Network Investments S.à r.l.
<b>Holding Company</b>	means, in relation to a company or a corporation, any other company or corporation in respect of which it is a Subsidiary.
<b>ICSDs</b>	means Clearstream, Luxembourg and Euroclear.
<b>IFRS</b>	means international accounting standards within the meaning of IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.
<b>ILFP Information</b>	means information contained in the section entitled " <i>Description of Initial Liquidity Facility Providers</i> " above.
<b>Ilmarinen</b>	means Ilmarinen Mutual Pension Insurance Company.
<b>Incoming Creditor</b>	has the meaning given to it in paragraph (a) of the definition of "Permitted Additional Financial Indebtedness".
<b>Index or Index Figure</b>	means the index or index figure as specified in the Final Terms to the relevant Tranche of Bonds.
<b>Indexed</b>	means, in respect of any reference to that amount, an adjustment to that amount (as previously indexed) as such amount may be adjusted up or down at the beginning of each calendar year by a percentage equal to the amount of percentage increase or, as the case may be, decrease in the Finnish CPI for such year or as is otherwise specified in the relevant Finance Document.
<b>Index-Linked Bond</b>	means a Bond in respect of which the amount payable in respect of principal and interest is calculated by reference to an index and/or formula as the Issuer and the relevant Dealer(s) may agree (as indicated in the relevant Final Terms).
<b>Information Memorandum</b>	means any information memorandum or prospectus prepared by or on behalf of and approved by the Security Group Agent in connection with the general syndication in the interbank market of any Authorised Credit Facility, as applicable but excluding, for the avoidance of doubt, any listing or offering document prepared in connection with or relating to any listing or offering of the PP Notes.
<b>Initial ACF Agent</b>	means Crédit Agricole Corporate and Investment Bank Limited as agent under the Initial Authorised Credit Facilities, or any of its successors thereto.
<b>Initial ACF Arrangers</b>	means those entities specified as arrangers under the Initial Authorised Credit Facilities.
<b>Initial Authorised Credit Facilities</b>	means the senior term facilities of an aggregate facility amount of up to €1,000,000,000 to be made available to Elenia Networks and Elenia Heat

	by the Original Initial ACF Lenders pursuant to the Initial Authorised Credit Facilities Agreement.
<b>Initial Authorised Credit Facilities Agreement</b>	means the Authorised Credit Facility entered into on 10 December 2013 between, among others, Elenia Networks, Elenia Heat, the Initial ACF Agent and the Original Initial ACF Lenders.
<b>Initial Borrowers Hedge Counterparties</b>	means each of the parties listed in the CTA as initial borrower hedge counterparties.
<b>Initial Date Representation</b>	means in respect of the entering into of a new Authorised Credit Facility after the Initial Issue Date, each of the representations in the Common Terms Agreement as may be agreed and amended by the Obligors and the relevant Authorised Credit Provider in accordance with paragraph (b) of clause 4.1 (Representations) of the Common Terms Agreement, provided that: <ul style="list-style-type: none"> <li>(a) the representations contained in paragraphs 3 (Validity and Admissibility in Evidence), 14 (Choice of Law), 25 (Status of Bonds) and 27 (Deduction of Tax) of schedule 1 (Security Group Representations) of the Common Terms Agreement shall be limited and refer only to the new Authorised Credit Facility; and</li> <li>(b) the representations contained in paragraph 17 (Full Disclosure) of schedule 1 (Security Group Representations) of the Common Terms Agreement shall be limited to the new Authorised Credit Facility (as the case may be), the Information Memorandum and the Investor Presentation (if any) prepared in respect of such Authorised Credit Facility (as the case may be).</li> </ul>
<b>Initial Dealers</b>	means HSBC Bank plc and The Royal Bank of Scotland plc.
<b>Initial Issue Date</b>	means 17 December 2013.
<b>Initial Liquidity Facility Agent</b>	means Crédit Agricole Corporate and Investment Bank as facility agent under the Initial Liquidity Facility Agreement.
<b>Initial Liquidity Facility Agreement</b>	means the liquidity facility agreement dated 10 December 2013 entered into between, among others, Elenia Networks, Elenia Heat, the Issuer, and the Initial Liquidity Facility Provider(s).
<b>Initial Liquidity Facility Providers</b>	means those financial institutions listed in schedule 1 (The Liquidity Facility Providers) of the Initial Liquidity Facility Agreement or any other party that accedes to the Initial Liquidity Facility Agreement as a Liquidity Facility Provider.
<b>Insolvency Event</b>	means, in respect of any company: <ul style="list-style-type: none"> <li>(a) the initiation of or consent to Insolvency Proceedings by such company or any other person or the presentation of a petition or application for the making of an administration order which proceedings (other than in the case of the Issuer) are not being disputed in good faith with a reasonable prospect of success or which are frivolous or vexatious and discharged, stayed or</li> </ul>

dismissed within ten Business Days of commencement or, if earlier, the date on which it is advertised;

- (b) becomes insolvent or is unable to pay its debts in each case, under the laws of any relevant jurisdiction applicable to such Company or fails or admits in writing its inability generally to pay its debts as they become due;
- (c) the giving of notice of appointment of an administrator or the making of an administration order or an administrator being appointed in respect of such company or where any such step or procedure is contemplated by paragraph (c) of the definition of Permitted Transaction;
- (d) an encumbrancer taking possession of the whole or any part of the undertaking or assets of such company;
- (e) any distress, execution, attachment or other process being levied or enforced or imposed upon or against the whole or any substantial part of the undertaking or assets of such company and such order, appointment, possession or process (as the case may be) not being discharged or otherwise ceasing to apply within 30 days;
- (f) a composition, compromise, assignment or arrangement with creditors of such company (as part of a general composition, compromise, assignment or arrangement affecting such company's creditors generally) other than a composition compromise, assignment or arrangement with respect to any subordinated Financial Indebtedness, any intragroup loan or guarantee;
- (g) the passing by such company of an effective resolution or the making of an order by a court of competent jurisdiction for the winding up, liquidation or dissolution of such company (except, in the case of the Issuer, a winding up for the purpose of a merger, reorganisation or amalgamation, the terms of which have previously been approved either in writing by the Bond Trustee or by (i) an Extraordinary Resolution), and (ii) all of the holders of the PP Notes then outstanding);
- (h) the appointment of an Insolvency Official in relation to such company or in relation to the whole or any substantial part of the undertaking or assets of such company;
- (i) save as permitted in the STID, the cessation or suspension of payment of its debts generally or a public announcement by such company of an intention to do so; or
- (j) save as provided in the STID, a moratorium is declared in respect of any indebtedness of such company.

**Insolvency Official**

means, in connection with any Insolvency Proceedings in relation to a company, a liquidator, provisional liquidator, administrator,

administrative receiver, receiver, manager, nominee, supervisor, trustee, conservator, guardian or other similar official in respect of such company or in respect of all (or substantially all) of the company's assets or in respect of any arrangement or composition with creditors.

**Insolvency Proceedings**

means, in respect of any company, the winding up, liquidation, dissolution or administration of such company, or any equivalent or analogous proceedings under the law of the jurisdiction in which such company is incorporated or of any jurisdiction in which such company, carries on business including the seeking of liquidation, winding up, reorganisation, dissolution, administration, arrangement, adjustment, protection or relief of debtors.

**Instalment Amounts**

has the meaning given thereto in Condition 6(h) (*Interest and other Calculations Determination and Publication of Interest Rates, Interest Amounts and Redemption Amounts*).

**Instalment Bond**

means any Bonds specified as such in the relevant Final Terms.

**Intellectual Property Rights**

means:

- (a) any patents, trademarks, service marks, designs, business names, copyrights, database rights, design rights, domain names, moral rights, inventions, confidential information, know-how and other intellectual property rights and interests (which may now or in the future subsist), whether registered or unregistered; and
- (b) the benefit of all applications and rights to use such assets of each Obligor (which may now or in the future subsist).

**Intercompany Loan Agreement**

means each if the Elenia Networks Loan Agreement and/or the Elenia Heat Loan Agreement, as the context may require.

**Interest Amount**

has the meaning given to it in Condition 6(h) (*Determination and Publication of Interest Rates, Interest Amounts and Redemption Amounts*).

**Interest Commencement Date**

means, in the case of interest-bearing Bonds, the date specified in the applicable Final Terms from (and including) which such Bonds bear interest, which may or may not be the Issue Date.

**Interest Coverage Ratio**

means, in respect of any Relevant Period, the ratio of FFO to Net Finance Charges, except that:

- (a) in respect of each of the first and second Relevant Periods falling after the date of the MDA, Net Finance Charges shall be calculated on a *pro forma* basis for each such Relevant Period; and
- (b) in respect of each entity acquired pursuant to a Permitted Acquisition, the portion of Net Finance Charges attributable to that entity shall be calculated on a *pro forma* basis for each of the first and second Relevant Periods falling after the date of such Permitted Acquisition.

<b>Interest Determination Date</b>	means, with respect to an Interest Rate and an Interest Period, the date specified as such in the relevant Final Terms or, if none is so specified, the day falling two Business Days in London prior to the first day of such Interest Period (or if the Specified Currency is Sterling, the first day of such Interest Period) (as adjusted in accordance with any Business Day Convention (as defined above) specified in the relevant Final Terms).
<b>Interest Payment Date</b>	has the meaning given thereto in Condition 22 ( <i>Definitions</i> ) or otherwise means the date(s) specified in the relevant Final Terms.
<b>Interest Period</b>	(a) in respect of the Bonds, has the meaning given thereto in Condition 22 ( <i>Definitions</i> ) and (b) in respect of any other Authorised Credit Facility, has the meaning given to such term in such Authorised Credit Facility Agreement.
<b>Interest Rate</b>	(a) in respect of the Bonds, has the meaning given thereto in Condition 22 ( <i>Definitions</i> ) and (b) in respect of any other Authorised Credit Facility, has the meaning given to such term in such Authorised Credit Facility Agreement.
<b>Investment Grade</b>	means a rating of at least BBB- by Fitch, Baa3 by Moody's or BBB- by S&P.
<b>Investor</b>	means each Sponsor and each of their Affiliates and/or any funds controlled by any of their respective Affiliates and any of their subsequent successors or assigns or transferees.
<b>Investor Funding Loan</b>	means any loan made or deemed to be made by any Subordinated Creditor to any member of the Security Group provided that the benefit of such loan is subordinated in accordance with the terms of the STID.
<b>Investor Presentation</b>	means: <ul style="list-style-type: none"> <li>(a) any investor presentation or marketing materials relating to the Bonds approved orally or in writing by or containing information provided orally or in writing by the Obligors and/or the Issuer for use directly or indirectly in connection with the issue, offer and sale of the Bonds (including sales memoranda or term sheets prepared by the Arrangers and/or the Dealers but excluding Pre-Sale Reports); and</li> <li>(b) the information posted on the following website in connection with the issue, offering and sale of the Bonds: <a href="http://www.netroadshow.com">http://www.netroadshow.com</a>. For the avoidance of doubt, the Prospectus is not an Investor Presentation.</li> </ul>
<b>Investor Report</b>	means each report produced by the Security Group Agent to be delivered with each Compliance Certificate, substantially in the form scheduled to the Common Terms Agreement.
<b>ISDA Master Agreement</b>	means an agreement in the form of the 2002 ISDA Master Agreement (including the schedule and credit support annex thereto) or any successor thereto published by ISDA unless otherwise agreed by the Security



Trustee acting in accordance with the STID.

<b>Issue Date</b>	means, in respect of any Bond, the date of issue and purchase of such Bond pursuant to and in accordance with the Dealership Agreement or any other agreement between the Issuer and the relevant Dealer(s) being, in the case of any Definitive Bond represented initially by a Global Bond, the same date as the date of issue of the Global Bond which initially represented such Bond.
<b>Issue Price</b>	means the price as stated in the relevant Final Terms, generally expressed as a percentage of the nominal amount of the Bonds, at which the Bonds will be issued.
<b>Issuer Accounts</b>	means those bank accounts of the Issuer opened with the Account Bank in accordance with the Account Bank Agreement, the Cash Management Agreement and schedule 8 (Cash Management) of the Common Terms Agreement.
<b>Issuer Charged Property</b>	means the property, assets, rights and undertaking of the Issuer that are the subject of the Security Interests created in or pursuant to the Security Documents and includes, for the avoidance of doubt, the Issuer's rights to or interests in any chose in action and the Issuer's rights under the Finance Documents.
<b>Issuer Corporate Services Agreement</b>	means the corporate services agreement dated 10 December 2013 between the Issuer and the Issuer Corporate Services Provider.
<b>Issuer Corporate Services Provider</b>	means Structured Finance Management Limited and any successors thereto.
<b>Issuer Finnish Pledge</b>	means the Finnish law pledge granted on the Initial Issue Date by the Issuer in favour of the Secured Creditors represented by the Security Trustee over its bank accounts, its business mortgage and future receivables (if any).
<b>Issuer Hedge Counterparty</b>	means a Hedge Counterparty who is party to an Issuer Hedging Agreement from time to time.
<b>Issuer Hedging Agreement</b>	means each ISDA Master Agreement entered into by the Issuer and an Issuer Hedge Counterparty for the purpose of hedging the Secured Debt in accordance with the Hedging Policy (in the form in effect at the time the relevant ISDA Master Agreement is entered into) and which governs the Issuer Hedging Transactions between such parties.
<b>Issuer Hedging Transaction</b>	means any fixed-rate, currency, inflation-linked or index-linked Treasury Transaction or any other Treasury Transaction governed by an Issuer Hedging Agreement and entered into with the Issuer in accordance with the Hedging Policy.
<b>Issuer Liquidity Shortfall</b>	means after taking into account funds available for drawing from the Issuer's Debt Service Reserve Account and its Operating Accounts, with respect to any Payment Date under the Liquidity Facility Agreement (as determined by the Cash Manager on the Determination Date), there will be insufficient funds to pay on such Payment Date any of the amounts to be paid in respect of items (a) to (f) (inclusive), (d)(ii) (excluding termination payments and accretion and other pay as you go payments),

(e)(i) (in respect of the Bonds and the PP Notes), (e)(v) and (f)(i) (in respect of the Bonds and the PP Notes where such payments are of scheduled amortisation) of the Pre-Enforcement Priority of Payments.

<b>Issuer Luxembourg Share Pledge</b>	means the Luxembourg law share pledge granted in favour of the Security Trustee by the Issuer over its shares in Elenia Finance (SPPS) on the Initial Issue Date.
<b>Issuer Subordinated Hedge Amounts</b>	means any termination payment due or overdue to an Issuer Hedge Counterparty under any Issuer Hedging Agreement which arises as a result of the occurrence of an Event of Default (as defined in the relevant Hedging Agreement) where the relevant Issuer Hedge Counterparty is the defaulting party (as defined in the relevant Issuer Hedging Agreement).
<b>Joint Venture</b>	means any joint venture entity, partnership or similar person, the ownership of or other interest in which does not require any Obligor to consolidate the results of that person with its own as a Subsidiary.
<b>Kimi BV Finnish Pledge</b>	means the Finnish law governed pledge of all rights to receivables owed to Kimi BV granted by Kimi BV in favour of the Secured Creditors represented by the Security Trustee on the Initial Issue Date.
<b>Land Use and Building Act</b>	Land Use and Building Act (132/1999) ( <i>Maankäyttö- ja rakennuslaki</i> ).
<b>Lead Manager</b>	means in relation to any Tranche of Bonds, each person named as a lead manager in the relevant Subscription Agreement.
<b>Letter of Credit</b>	means a letter of credit under any Authorised Credit Facility.
<b>LF Arrangers</b>	means the arrangers under the Initial Liquidity Facility Agreement.
<b>Leverage Ratio</b>	means, in respect of any Relevant Period, the ratio of Total Net Debt on the last day of that Relevant Period to EBITDA in respect of that Relevant Period.
<b>LF Event of Default</b>	has the meaning given to such term in the Liquidity Facility Agreement, as the context requires.
<b>LF Notice of Drawing</b>	has the meaning given to such term in the Liquidity Facility Agreement, as the context requires.
<b>Liabilities</b>	means any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceedings or other liability whatsoever (including in respect of taxes, duties, levies, imposts and other charges including, in each case, any related costs, fines, penalties or interest (if any) but excluding any Excluded Tax)) and legal fees and properly incurred expenses on a full indemnity basis.
<b>LIBOR</b>	has the meaning given to that term in Condition 6 (Interest and other Calculations).
<b>Limitation Acts</b>	means the Limitation Act 1980, the Foreign Limitation Periods Act 1984, the Finnish Execution Code (705/2007) and the Finnish Act on the Statute of Limitations on Debt (728/2003).
<b>Liquidity Facility</b>	means a liquidity facility made available under a Liquidity Facility

Agreement.

<b>Liquidity Facility Agent</b>	means the Initial Liquidity Facility Agent or any successor agent appointed pursuant to the Liquidity Facility Agreement.
<b>Liquidity Facility Agreement</b>	means the Initial Liquidity Facility Agreement and each other liquidity facility agreement the terms of which shall require that the relevant liquidity facility provider(s) has/have at least the Minimum Long-Term Ratings and which shall be substantially in the form of the Initial Liquidity Facility Agreement having regard to the then customary market practice for such liquidity facilities and the criteria of the Rating Agencies then rating any Financial Indebtedness under any Authorised Credit Facility or the Bonds.
<b>Liquidity Facility Providers</b>	means the Initial Liquidity Facility Providers and any bank or financial institution which has become a party to the Liquidity Facility Agreement in accordance with the terms of the Liquidity Facility Agreement which in each case has not ceased to be a party in accordance with the terms of the Liquidity Facility Agreement.
<b>Liquidity Loan Drawing</b>	means, unless otherwise stated in the Liquidity Facility Agreement, the principal amount of each borrowing under the Liquidity Facility Agreement which is not a Standby Drawing or the principal amount outstanding of that borrowing.
<b>Liquidity Required Amount</b>	means, in respect of Elenia Networks, Elenia Heat and the Issuer, an amount equal to the respective projected interest and commitment or commission payments and payments of principal that are part of the scheduled amortisation (including any final payment of scheduled amortisation on a Final Maturity Date but not, for the avoidance of doubt, any payments of principal on a Final Maturity Date in connection with non-amortising debt) of the Secured Debt, as applicable and net payments (other than accretion payments, payments on any break or final termination payments under any Hedging Agreements) under the Hedging Agreements to which each is a party for the following 12 months (calculated on a rolling basis on each calculation date).
<b>Liquidity Shortfall</b>	means: <ul style="list-style-type: none"><li>(a) an Elenia Networks Liquidity Shortfall;</li><li>(b) an Elenia Heat Liquidity Shortfall; or</li><li>(c) an Issuer Liquidity Shortfall.</li></ul>
<b>Liquidity Standby Account</b>	means the reserve account to be opened, if required, in the name of Elenia Networks, Elenia Heat or the Issuer (as appropriate) and held at the applicable Liquidity Facility Provider in respect of whom the Standby Drawing has been made or, if such Liquidity Facility Provider does not have the Minimum Long-Term Rating, at the Account Bank.
<b>Liquidity Standby Account Mandate</b>	means any mandate entered into in connection with the establishment of a Liquidity Standby Account in accordance with the terms of the Account Bank Agreement.

<b>LMA</b>	means the Loan Market Association.
<b>LPA</b>	means the Law of Property Act 1925.
<b>Luxembourg Receivables Pledge</b>	means the Luxembourg law receivables pledge granted in favour of the Security Trustee by Elenia Finance (SPPS) over all of its rights to receivables (other than its interests in (a) the SPPS and (b) the bank accounts pledged pursuant to the Elenia Finance (SPPS) Finnish Pledge) on the Initial Issue Date.
<b>Luxembourg Share Pledge</b>	means the Luxembourg law share pledge granted on the Initial Issue Date in favour of the Security Trustee by the Parent and Elenia (SPPS) over each of their shares in Elenia Holdings.
<b>Majority Creditor</b>	means Participating Qualifying Secured Creditors representing 50 per cent. or more of the aggregate Outstanding Principal Amount of Qualifying Senior Debt.
<b>Majority Lenders</b>	means (a) a Lender or Lenders whose Commitments aggregate 66 2/3 per cent. or more of the total facility A commitments under the Initial Authorised Credit Facilities (or, if the total facility A commitments of the Initial Authorised Credit Facilities have been reduced to zero, aggregated 66 2/3 per cent. or more of the total facility A commitments immediately prior to that reduction); or (b) any equivalent definition in any other Authorised Credit Facility.
<b>Make-Whole Amount</b>	means any premium payable on redemption of any Senior Debt in excess of: <ul style="list-style-type: none"> <li>(a) the principal amount outstanding of such debt; plus</li> <li>(b) accrued interest on such debt; plus</li> <li>(c) any final payment in respect of accretions for inflation on any such debt that is index-linked.</li> </ul>
<b>Margin</b>	(a) in respect of the Bonds, has the meaning given thereto in Condition 22 ( <i>Definitions</i> ) and (b) in respect of any other Authorised Credit Facility, has the meaning given to such term in such Authorised Credit Facility Agreement.
<b>Master Definitions Agreement or MDA</b>	means the master definitions agreement dated 10 December 2013 and entered into by, among others, the Issuer, the Obligors, Bond Trustee and the Security Trustee.
<b>Material Adverse Effect</b>	means an effect which is materially adverse to: <ul style="list-style-type: none"> <li>(a) the business, assets or financial condition of the Security Group, in each case, taken as a whole; or</li> <li>(b) (taking into account the resources available to an Obligor from other Obligors and any guarantees given by other Obligors) the ability of the Obligors (taken as a whole) to perform their</li> </ul>

payment obligations under the Finance Documents; or

- (c) subject to the Reservations, the validity, legality or enforceability of any Finance Document or the validity, legality, enforceability, priority, or ranking of any Security Interest granted or purporting to be granted pursuant to any of the Security Documents.

**Material Subsidiaries** means a majority-owned or wholly owned Subsidiary of the Parent, the EBITDA of which (consolidated where that subsidiary itself has subsidiaries) accounts for more than 5 per cent. or more of the consolidated EBITDA of the Security Group.

**Member State** means a member state of the European Union.

**Minimum Long-Term Rating** means BBB- by Fitch, or Baa3 by Moody's or BBB- by S&P or any equivalent long-term rating by another Rating Agency.

**Minimum Required Outstanding Principal Amount** means in respect of a Direction Notice issued pursuant to:

- (a) paragraph (a)(ii) of clause 20.4 (Termination of Standstill) of the STID, 66.67 per cent. of the aggregate Outstanding Principal Amount of the Qualifying Senior Debt;
- (b) paragraph (a) of clause 20.5 (Extension of Standstill) of the STID, 50 per cent. of the aggregate Outstanding Principal Amount of the Qualifying Senior Debt;
- (c) paragraph (b) of clause 20.5 (Extension of Standstill) of the STID, 33.33 per cent. of the aggregate Outstanding Principal Amount of the Qualifying Senior Debt;
- (d) paragraph (c) of clause 20.5 (Extension of Standstill) of the STID, 10 per cent. of the aggregate Outstanding Principal Amount of the Qualifying Senior Debt.

**Minimum Short-Term Rating** means F3 by Fitch, or P-3 by Moody's or A-3 by S&P or any equivalent short-term rating by another Rating Agency.

**Modified Redemption Amount** means the Redemption Amount determined in accordance with Condition 8(b) (*Optional Redemption*), unless otherwise specified in the relevant Final Terms.

**Moody's** means Moody's Investors Services Limited or any successor to its rating business.

**Natural Gas Market Act** Natural Gas Market Act (508/2000) (*Maakaasumarkkinalaki*).

**Natural Gas Market Decree** Natural Gas Market Decree (622/2000) (*Valtioneuvoston asetus maakaasumarkkinoista*).

**Net Finance Charges** means, in respect of any Relevant Period, the Finance Charges for that Relevant Period after deducting any interest payable in that Relevant Period to any member of the Security Group on any Cash or Cash Equivalent Investment.

<b>Networks Licence</b>	means the electricity network licence issued to Elenia Networks by the Regulator.
<b>New Dealer</b>	means any entity appointed as an additional Dealer in accordance with the Dealership Agreement.
<b>New Obligor</b>	has the meaning given to it in the relevant Accession Memorandum.
<b>New Secured Creditor</b>	has the meaning given to it in the relevant Accession Memorandum.
<b>New Shareholder Injections</b>	means the aggregate amount subscribed for by any person (other than a member of the Security Group) for ordinary shares in Elenia Networks (including any share premium) or for subordinated loan notes or other subordinated debt instruments in Elenia Networks, provided that the subordination is on the terms of the STID or otherwise on terms acceptable to the Security Trustee, but shall not include any equity cure amount.
<b>New Subordinated Creditor</b>	has the meaning given to it in the relevant Accession Memorandum.
<b>New Subordinated Intragroup Creditor</b>	has the meaning given to it in the relevant Accession Memorandum.
<b>NGB or New Global Bond</b>	means a Temporary Bearer Global Bond or a Permanent Bearer Global Bond, in either case in respect of which the applicable Final Terms indicates is a New Global Bond (including, for the avoidance of doubt, both Eurosystem-eligible NGBs and Non-eligible NGBs).
<b>Non-Base Currency</b>	means a currency other than Euro.
<b>Non-eligible NGB</b>	means a NGB which is not intended to be held in a manner which would allow Eurosystem eligibility, as stated in the applicable Final Terms.
<b>NSS or New Safekeeping Structure</b>	means the new safekeeping structure for registered global securities which are intended to constitute eligible collateral for Eurosystem monetary policy operations.
<b>Obligor</b>	means Elenia Networks, the Issuer, the PP Note Issuer, the Parent, Elenia Holdings, Elenia Finance (SPPS), Elenia Services, Elenia Heat and any other person who accedes to, <i>inter alia</i> , the Common Terms Agreement and the STID as an Obligor in accordance with the terms of the Finance Documents and <b>Obligors</b> means all of them.
<b>Obligor Account Mandates</b>	means the bank account mandates entered into in connection with the Account Bank Agreement and the establishments of the Obligor Accounts with the Account Bank and the mandate for each of the Obligor Accounts entered into from time to time by the Account Bank and the Obligors.
<b>Obligor Accounts</b>	means the Accounts and any account that may be opened from time to time by an Additional Obligor pursuant to and/or in accordance with any Finance Document (including any sub-account or sub-accounts relating to that account and any replacement account from time to time).

<b>Offsetting Transaction</b>	means, in respect of the Second Hedging Transaction, a Hedging Transaction which (a) has been entered into with a Hedge Counterparty which has acceded to the STID and the Common Terms Agreement; (b) is governed by a Hedging Agreement; and (c) where Elenia Networks or the Issuer (as applicable) receives amounts under the First Hedging Transaction on a particular basis, it pays such amounts on such basis under the Second Hedging Transaction and vice versa (whether the notional amount or corresponding currency amount is equal to, or less than, the notional amount or corresponding currency amount of the other Hedging Transaction), as more fully set out in the Common Terms Agreement.
<b>Operating Accounts</b>	means those bank accounts of the Obligors opened with the Account Bank in accordance with the Account Bank Agreement but excluding any Defeasance Accounts, any Debt Service Reserve Account and any Liquidity Standby Account.
<b>Ordinary STID Resolution</b>	means the relevant resolution where the Quorum Requirement for an Ordinary Voting Matter is satisfied, as more fully set out in the STID.
<b>Ordinary Voting Matters</b>	are matters which are not Discretion Matters or Extraordinary Voting Matters.
<b>Original Financial Statements</b>	means the audited financial statements of the Parent for its annual accounting period 31 December 2012 and the audited, consolidated financial statements of Elenia Networks in respect of itself and its subsidiaries for its annual accounting period ended 31 December 2012.
<b>Outstanding</b>	means, in relation to the Bonds of all or any Tranche, all the Bonds of such Tranche issued other than: <ul style="list-style-type: none"> <li>(a) those Bonds which have been redeemed in full or purchased, and cancelled, in accordance with Condition 8 (Redemption, Purchase and Cancellation) or otherwise under the Bond Trust Deed;</li> <li>(b) those Bonds in respect of which the date (including, where applicable, any deferred date) for redemption in accordance with the Conditions has occurred and the redemption monies for which (including premium (if any) and all interest payable thereon) have been duly paid to the Bond Trustee or to the Principal Paying Agent or Registrar, as applicable, in the manner provided in the Agency Agreement (and where appropriate notice to that effect has been provided or published in accordance with Condition 17 (Notices)) and remain available for payment against presentation of the relevant Bonds and/or Coupons and/or Receipts;</li> <li>(c) those Bonds which have become void or in respect of which claims have become prescribed, in each case, under Condition 13 (Prescription);</li> </ul>

- (d) in the case of Bearer Bonds, those mutilated or defaced Bonds which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Condition 14 (Replacement of Bonds, Coupons, Receipts and Talons);
- (e) in the case of Bearer Bonds (for the purpose only of ascertaining the Principal Amount Outstanding of the Bonds and without prejudice to the status for any other purpose of the relevant Bonds) those Bonds which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to Condition 14 (*Replacement of Bonds, Coupons, Receipts and Talons*);
- (f) the Temporary Bearer Global Bonds to the extent that they have been exchanged for Permanent Bearer Global Bonds or Definitive Bonds pursuant to the provisions contained therein and in clause 3 (Forms of Bonds and Coupons) of the Bond Trust Deed;
- (g) the Permanent Bearer Global Bonds that remain in escrow pending exchange of the Temporary Bearer Global Bonds therefor, pursuant to the provisions contained therein and in clause 3 (Forms of Bonds and Coupons) of the Bond Trust Deed;
- (h) the Permanent Bearer Global Bonds to the extent that they have been exchanged for Bearer Definitive Bonds pursuant to the provisions contained therein and in clause 3 (Forms of Bonds and Coupons) of the Bond Trust Deed; and
- (i) the Bearer Bonds to the extent that they have been exchanged for Registered Bonds pursuant to the provisions contained therein and in clause 3 (Forms of Bonds and Coupons) of the Bond Trust Deed,

**provided that** for each of the following purposes, namely:

- (i) the right to vote on an Ordinary Voting Matter or an Extraordinary Voting Matter as envisaged by schedule 4 (Provisions for Voting) of the Bond Trust Deed;
- (ii) the determination of how many and which Bonds are for the time being outstanding for the purposes of clause 8.1 (Action, proceedings and indemnification) of the Bond Trust Deed, Conditions 11 (Events of Default) and 15 (Passing of resolutions by Bondholders, Modification, Waiver and Substitution) and paragraphs 3 (STID Proposals) and 4 (Other Voting Matters) of schedule 4 (Provisions for Voting) of the Bond Trust Deed; and
- (iii) any discretion, power or authority (whether contained in the Bond Trust Deed or vested by operation of law) which the Bond Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Bondholders or any of them,

those Bonds of the relevant Tranche (if any) which are for the time being held by or on behalf of or for the benefit of the Issuer, any Subsidiary of



the Issuer, any Obligor or any other Subsidiary of any such Obligor, in each case as beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding.

**Outstanding Principal Amount**

means:

- (a) in respect of any Authorised Credit Facilities that are loans, the principal amount, including any accretion on index-linked debt, (or the Equivalent Amount) of any drawn amounts that are outstanding or committed under such Authorised Credit Facility;
- (b) in respect of each Pari Passu Hedging Agreement, an amount calculated in accordance with paragraph (a), (b) or (c) (as applicable) of clause 12.2 (Voting in respect of Pari Passu Hedging Transactions by Pari Passu Hedge Counterparties) of the STID;
- (c) in respect of any other Secured Liabilities, the Equivalent Amount of the outstanding principal amount of such debt on such date in accordance with the relevant Finance Document,

on the date on which the Qualifying Secured Creditors have been notified of a STID Voting Request, a Qualifying Secured Creditor Instruction Notice or a Direction Notice, as the case may be, all as most recently certified or notified to the Security Trustee, where applicable, pursuant to clause 11.2 (Notification of Outstanding Principal Amount of Qualifying Senior Debt) of the STID.

**Overhedged Position**

means the circumstance in which the aggregate notional amount of Hedging Agreements and any Pre-hedges exceeds the relevant percentage set forth in the Common Terms Agreement (after taking into account any Offsetting Transaction to which Elenia Networks and/or the Issuer is a party), as subject to the terms of the Common Terms Agreement.

**Par Redemption Amount**

means an amount equal to the Principal Amount Outstanding on the Call Protected Floating Rate Bonds of any Tranche or the relevant portion thereof available for redemption, plus accrued but unpaid interest on the Principal Amount Outstanding or the relevant portion thereof available for redemption to (but excluding) the date of redemption.

**Parallel Debt**

means the Security Trustee Claim (as such term if defined in the STID).

**Parent-Elenia Finance (SPPS) Luxembourg Share Pledge**

means the Luxembourg law share pledge granted in favour of the Security Trustee by the Parent and Elenia Finance (SPPS) over each of their shares in Elenia Holdings on the Initial Issue Date.

**Parent Finnish Pledge**

means the Finnish law pledge granted on the Initial Issue Date by the Parent in favour of the Secured Creditors represented by the Security Trustee over its receivables and its bank accounts.

**Pari Passu Borrower Hedge Counterparty**

means a Hedge Counterparty who is party to a Pari Passu Borrower Hedging Agreement from time to time.

**Pari Passu Borrower**

means a Borrower Hedging Agreement under which the obligations of

<b>Hedging Agreement</b>	Elenia Networks rank <i>pari passu</i> with Elenia Networks' obligations under the other Authorised Credit Facilities, the WC Facility, the Capex Facility and the PP Notes.
<b>Pari Passu Hedge Counterparty</b>	means a Hedge Counterparty who is a party to a Pari Passu Borrower Hedging Agreement and/or a Pari Passu Issuer Hedging Agreement.
<b>Pari Passu Hedging Agreement</b>	means any Pari Passu Borrower Hedging Agreement and any Pari Passu Issuer Hedging Agreement, as the context requires.
<b>Pari Passu Issuer Hedge Counterparty</b>	means a Hedge Counterparty who is party to a Pari Passu Issuer Hedging Agreement from time to time.
<b>Pari Passu Issuer Hedging Agreement</b>	means an Issuer Hedging Agreement under which the obligations of the Issuer rank <i>pari passu</i> with the Issuer's obligations under the Bonds.
<b>Pari Passu Issuer Hedging Transaction</b>	means an Issuer Hedging Transaction arising under a Pari Passu Issuer Hedging Agreement.
<b>Participating Member State</b>	means a member state of the European Union that adopts or has adopted the Euro as its lawful currency under the legislation of the European Union for European Monetary Union.
<b>Participating Qualifying Secured Creditors</b>	means the Qualifying Secured Creditors which participate in a vote on any STID Proposal or other matter pursuant to the STID.
<b>Party</b>	means, in relation to a Finance Document, a party to such Finance Document.
<b>Paying Agents</b>	means, in relation to all or any Tranche of the Bonds, the several institutions (including where the context permits the Principal Paying Agent) at their respective specified offices initially appointed as paying agents in relation to such Bonds by the Issuer pursuant to the relevant Agency Agreement and/or, if applicable, any Successor paying agents at their respective specified offices in relation to all or any Tranche of the Bonds as well as additional paying agents appointed under supplemental agency agreements as may be required in any jurisdiction in which Bonds may be issued or sold from time to time.
<b>Payment Date</b>	means, in respect of an Authorised Credit Facility, each date on which a payment is made or is scheduled to be made by an Obligor in respect of any obligations or liability under such Authorised Credit Facility.
<b>Payment Priorities</b>	means the Pre-Enforcement Priority of Payments and the Post-Enforcement Priority of Payments.
<b>Pension Items</b>	means any income or charge attributable to a post-employment benefit scheme other than statutory pension insurance premia and other current service costs.
<b>Perfection Requirements</b>	means the making or procuring of the appropriate registrations, filings and/or notifications of the Security Documents and for the Security Interests created by them.
<b>Permanent Bearer Global</b>	means a global bond in the form or substantially in the form scheduled to

**Bond**

the Bond Trust Deed with such modifications (if any) as may be required in any jurisdiction in which a particular Tranche of Bonds may be issued or sold from time to time or as otherwise agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s), together with the copy of the applicable Final Terms annexed thereto, comprising some or all of the Bearer Bonds of the same Tranche, issued by the Issuer pursuant to the Dealership Agreement or any other agreement between the Issuer and the relevant Dealer(s) relating to the Programme, the Agency Agreement and the Bond Trust Deed either on issue or in exchange for the whole or part of any Temporary Bearer Global Bond issued in respect of such Bearer Bonds.

**Permitted Acquisition**

means:

- (a) an acquisition by a member of the Security Group of an asset sold, leased, transferred or otherwise disposed of by a member of the Security Group in circumstances constituting a Permitted Disposal;
- (b) an acquisition of shares or securities pursuant to a Permitted Share Issue;
- (c) an acquisition of securities which are Cash Equivalent Investments so long as those Cash Equivalent Investments become subject to the Security Documents as soon as is reasonably practicable thereafter;
- (d) the acquisition of any Secured Debt pursuant to any debt buyback subject to the terms of the CTA and the STID;
- (e) an acquisition by an Obligor of:
  - (i) any company or shares in any company or any Joint Venture the principal business of which falls within paragraph (b) of the definition of Permitted Business;
  - (ii) any interest in a partnership the principal business of which falls within paragraph (b) of the definition of Permitted Business; or
  - (iii) any asset for use in connection with paragraph (b) of the definition of Permitted Business,

provided that:

- (iv) any proposed acquisition of any asset falling under the categories described in this paragraph (e) shall not increase the consolidated EBITDA of the Security Group for businesses which fall within paragraph (b) of the definition of Permitted Business to greater than the larger of:
  - (A) 20 per cent. of the consolidated EBITDA of the Security Group taking into account the proposed

Permitted Acquisition; and

- (B) the then current consolidated EBITDA of the Security Group for businesses which fall within paragraph (b) of the definition of Permitted Business,

unless Elenia Networks has first:

- (C) obtained a confirmation from each of the Rating Agencies that are currently appointed by the Issuer that such proposed acquisition will not result in the then long-term credit rating on the Bonds to be reduced below the lower of (xx) the long-term credit rating of the Bonds on the Initial Issue Date and (yy) the then current long-term credit rating of the Bonds, as long as it is Investment Grade; or
- (D) in the event that any one or more of the Rating Agencies is or are unable to provide such confirmation for any reason other than related to the rating itself, Elenia Networks certifies (after having made all reasonable enquiries), and provides evidence to support such certification, that such proposed acquisition will not result in the then long-term credit rating on the Bonds to be reduced below the lower of (xx) the long-term credit rating of the Bonds on the Initial Issue Date and (yy) the then current long-term credit rating of the Bonds, as long as that rating is at least Investment Grade; and
- (v) if such company or Joint Venture becomes a Material Subsidiary, a Security Interest over the shares of that company or Joint Venture, in form and substance satisfactory to the Security Trustee (acting reasonably), is created in favour of the Secured Creditors within 30 days of the date of the acquisition; and
- (vi) for the avoidance of doubt, as part of any proposed acquisition described in paragraphs (i) to (iii) above, such Obligor shall also be permitted to acquire any company, shares, partnership interests or Joint Ventures which also engage in businesses which do not fall within the definition of Permitted Business provided that either:
  - (A) at the time of the acquisition such Obligor has entered into an agreement for the sale of the part of such business which is not a Permitted Business which will be completed within the later of:
    - (I) 120 days from the date of entering into such

agreement; and

- (II) in the case of a transaction required to be notified to the competition authorities under applicable laws and regulations, such date as the authorities give their decision to such Obligor or the date on which the transaction is deemed to be approved; or
  - (B) the terms of the relevant acquisition agreement for such company, shares, partnership interests or Joint Ventures provide such Obligor with an ability to terminate its obligation to complete the acquisition if it has not found a purchaser for the part of such business which is not a Permitted Business within the later of:
    - (I) 120 days from the date of entering into such agreement; and
    - (II) in the case of a transaction required to be notified to the competition authorities under applicable laws and regulations, such date as the authorities give their decision to such Obligor or the date on which the transaction is deemed to be approved;
- (f) an acquisition by an Obligor of:
  - (i) any company or shares in any company or any Joint Venture the principal business of which falls within paragraph (a), (c) or (d) of the definition of Permitted Business;
  - (ii) any interest in a partnership the principal business of which falls within paragraph (a), (c) or (d) of the definition of Permitted Business; or
  - (iii) any asset for use in connection with paragraph (a), (c) or (d) of the definition of Permitted Business,

provided that if such company or Joint Venture becomes a Material Subsidiary, a Security Interest over the shares of that company or Joint Venture, in form and substance satisfactory to the Security Trustee (acting reasonably), is created in favour of the Secured Creditors within 30 days of the date of the acquisition and for the avoidance of doubt, as part of any proposed acquisition described in paragraphs (i) to (iii) above, such Obligor shall also be permitted to acquire any company, shares, partnership interests or Joint Ventures which also engage in businesses which do not fall within the definition of Permitted Business provided that either:

- (iv) at the time of the acquisition such Obligor has entered into an agreement for the sale of the part of such business

which is not a Permitted Business which will be completed within the later of:

- (A) 120 days from the date of such acquisition; and
  - (B) in the case of a transaction required to be notified to the competition authorities under applicable laws and regulations, such date as the authorities give their decision to such Obligor or the date on which the transaction is deemed to be approved; or
- (v) the terms of the relevant acquisition agreement for such company, shares, partnership interests or Joint Ventures provide such Obligor with an ability to terminate its obligation to complete the acquisition if it has not found a purchaser for the part of such business which is not a Permitted Business within the later of:
- (A) 120 days from the date of such acquisition; and
  - (B) in the case of a transaction required to be notified to the competition authorities under applicable laws and regulations, such date as the authorities give their decision to such Obligor or the date on which the transaction is deemed to be approved; and
- (g) the incorporation of a company or the acquisition of a newly incorporated shelf company by a member of the Security Group which on incorporation becomes a member of the Security Group, but only if:
- (i) that company is incorporated with limited liability;
  - (ii) the shares in the company are owned by an Obligor, a Security Interest over the shares of that company, in form and substance satisfactory to the Security Trustee (acting reasonably), is created in favour of the Secured Creditors within 30 days of the date of its incorporation; and
  - (iii) in the case of an acquisition of a newly incorporated shelf company, the shares in that shelf company are fully paid and the consideration for the acquisition is less than €85,000.

**Permitted Additional  
Financial Indebtedness**

means Financial Indebtedness incurred by any member of the Security Group after the Initial Issue Date which is not otherwise Permitted Financial Indebtedness provided that:

- (a) the creditors of such Financial Indebtedness (the **Incoming Creditors**) accede to the CTA and the STID;
- (b) the Incoming Creditors do not, and may not at any time, benefit from any Security Interests, guarantees or other credit support, or recourse to, any other Obligor other than pursuant to the Security

Documents and the Common Terms Agreement;

- (c) Elenia Networks provides a certificate upon which the Security Trustee shall be entitled to rely absolutely without incurring any liability in respect thereof to the Security Trustee at the time of incurring such Permitted Additional Financial Indebtedness confirming that:
  - (i) no Default is subsisting or would occur as a result of the incurrence of such Financial Indebtedness;
  - (ii) any hedging in respect of the Permitted Additional Financial Indebtedness complies with the Hedging Policy; and
  - (iii) other than where such Permitted Additional Financial Indebtedness is either refinancing existing Financial Indebtedness or is to be used for funding Capital Expenditure:
    - (A) no Ratio fails to comply or would fail to comply with as a result of the incurrence of such Permitted Additional Financial Indebtedness a Trigger Event Ratio; and
    - (B) Elenia Networks has provided details of such Financial Indebtedness to the Rating Agencies mandated by the Issuer from time to time to provide public long-term credit ratings and Elenia Networks either:
      - (1) has obtained a confirmation from each of the Rating Agencies that are currently appointed by the Issuer that such Permitted Additional Financial Indebtedness will not result in the then long-term credit rating on the Bonds to be reduced below the lower of (xx) the long-term credit rating of the Bonds on the Initial Issue Date and (yy) the then current long-term credit rating of the Bonds, as long as it is Investment Grade; or
      - (2) in the event that any one or more of the Rating Agencies is or are unable to provide such confirmation for any reason other than related to the rating itself, certifies (after having made all reasonable enquiries), and provides evidence to support such certification, that such Permitted Additional Financial Indebtedness will not result in the then long-term credit rating on the Bonds to be reduced below the lower of (xx) the long-term credit rating of the Bonds on the Initial Issue Date and (yy) the then

current long-term credit rating of the Bonds, as long as it is Investment Grade.

**Permitted Business**

means the business of the Obligors being:

- (a) the business of being an electricity network operator in the Republic of Finland comprising operating, maintaining, repairing and upgrading electricity distribution networks and the provision of facilities for and connected therewith;
- (b) the businesses of Elenia Heat comprising operating, maintaining, repairing and upgrading district heating assets and the provision of facilities for and connected therewith;
- (c) any business or activity in the Republic of Finland or in any jurisdiction supporting any existing assets the principal business of which is described in either paragraphs (a) and/or (b) above or which is ancillary to the business or activities in paragraphs (a) and/or (b) above (which shall include the provision of any services to members of the Security Group which are currently provided by third parties); and
- (d) any other business approved or consented to by the Security Trustee acting in accordance with the instructions of the Qualifying Secured Creditors,

provided that the activities set out in paragraph (a) above shall constitute the principal business carried on by the Security Group.

**Permitted Disposal**

means any Disposal which, except in the case of paragraph (b), is on arm's length terms:

- (a) of trading stock or cash made by any member of the Security Group in the ordinary course of business of the disposing entity;
- (b) of any asset, undertaking or business by a member of the Security Group (the **Disposing Company**) to another member of the Security Group (the **Acquiring Company**), but only if:
  - (i) the Disposing Company had given a Security Interest over the asset, the Acquiring Company must give an equivalent Security Interest over that asset; and
  - (ii) the Disposing Company is an Obligor, the Acquiring Company must be or become an Obligor within five Business Days of such disposal;
- (c) of assets, undertaking or business in exchange for other assets for use in the ordinary course of business of the disposing entity;
- (d) of obsolete or redundant vehicles, plant, equipment, parts or similar items for cash;
- (e) of Cash Equivalent Investments for cash or in exchange for other Cash Equivalent Investments;



- (f) of the shares in or the assets of Elenia Heat, provided that Elenia Networks applies such net disposal proceeds as are necessary towards ensuring that the then long term credit rating of the Bonds is not downgraded as a result of such disposal below the lower of (i) “BBB” or its equivalent and (ii) the long-term credit rating of the Bonds immediately prior to such disposal;
- (g) to a Permitted Joint Venture;
- (h) arising as a result of any Permitted Security;
- (i) of fixed assets where the proceeds of disposal are used within 12 months of that disposal (or, if contractually committed to be used within 12 months, are actually used within 18 months of that disposal) to purchase replacement assets for use in connection with the Permitted Business;
- (j) the application or disposal of cash permitted by the Common Documents;
- (k) any disposal by a member of the Security Group compulsorily required by law or regulation having the force of law or any order of any government entity made thereunder and having the force of law provided that and to the extent permitted by such law or regulation:
  - (i) such disposal is made for fair market value; and
  - (ii) such disposal does not have a Material Adverse Effect;
- (l) by way of the granting of easements or wayleaves over Real Property, or any part of them, in the ordinary course of trading of the disposing entity;
- (m) of the interest in Oriveden Aluelämpö Oy;
- (n) by way of the creation of occupational leases or licences over, or the outright disposal of, Real Property which is not required for the Permitted Business;
- (o) by way of the creation of a lease or licence over an asset (not being Real Property) which is granted in the ordinary course of business and not in respect of raising Financial Indebtedness;
- (p) of Group Contributions between members of the Security Group;

- (q) where the consideration receivable (when aggregated with the consideration receivable for any other sale, lease, licence, transfer or other disposal not permitted under the preceding paragraphs) does not exceed €30,000,000 (Indexed) in any Financial Year and €90,000,000 (Indexed) in any three consecutive Financial Years, provided that where such consideration so exceeds the amounts set forth in this paragraph ((q)) the Disposal shall in all circumstances be subject first to a Ratings Confirmation; or
- (r) any other payment or disposal approved or consented to by the Security Trustee in accordance with the instructions of the Qualifying Secured Creditors.

**Permitted Financial  
Indebtedness**

means Financial Indebtedness:

- (a) arising (including in respect of committed amounts) under the Finance Documents on the Initial Issue Date and/or drawings under the Liquidity Facility Agreement;
- (b) to the extent covered by a letter of credit, bond, bank guarantee or indemnity or other accommodation made or issued under an Ancillary Facility permitted under the Initial Authorised Credit Facilities Agreement on the Initial Issue Date (and not as amended);
- (c) arising under any Investor Funding Loan;
- (d) arising under a Permitted Loan to an Obligor or under or in respect of a Permitted Guarantee or Permitted Joint Venture or as permitted by paragraph 24 (Treasury Transactions) of part 3 (General Covenants) of schedule 2 (Security Group Covenants) of the Common Terms Agreement;
- (e) of any person acquired by a member of the Security Group after the Initial Issue Date which is incurred under arrangements in existence at the date of acquisition, but not incurred or increased or having its maturity date extended in contemplation of, or since, that acquisition, and outstanding only for a period of 90 days following the date of acquisition;
- (f) under finance or capital leases of vehicles, plant, equipment or computers, provided that the aggregate capital value of all such items so leased under outstanding leases by members of the Security Group does not exceed €50,000,000 (Indexed) (or its equivalent in other currencies) at any time;
- (g) not permitted by the preceding paragraphs and the outstanding principal amount of which does not exceed €30,000,000 (Indexed) (or its equivalent) in aggregate for the Security Group at any time;
- (h) until the Initial Issue Date, the Existing Indebtedness; or
- (i) any other financial indebtedness approved or consented to by the

Security Trustee in accordance with the STID.

**Permitted Guarantee**

means:

- (a) the endorsement of negotiable instruments in the ordinary course of trade;
- (b) any performance or similar bond, guarantee or indemnity or undertaking guaranteeing performance by a member of the Security Group under any contract entered into in the ordinary course of business (including any entered into in undertaking the Permitted Business) but not in respect of raising Financial Indebtedness;
- (c) any guarantee of a Permitted Joint Venture;
- (d) the €50,000 guarantee issued in favour of Nord Pool Spot AS by Pohjola Bank plc for the account of Elenia Heat;
- (e) any guarantee or indemnity under or in respect of Permitted Financial Indebtedness or Permitted Additional Financial Indebtedness;
- (f) any guarantee given in respect of the netting or set-off arrangements permitted pursuant to paragraph (l) of the definition of Permitted Security;
- (g) any guarantee granted under the Common Documents;
- (h) any guarantee given by a member of the Security Group in relation to an Obligor's obligations provided that if the relevant member of the Security Group granting the guarantee is not an Obligor it has unconditionally and irrevocably waived its rights of subrogation and to require contribution from such Obligor thereunder;
- (i) any guarantee by an Obligor of leasehold rental obligations of an Obligor (not being in respect of Financial Indebtedness which is not Permitted Financial Indebtedness);
- (j) any indemnity given in the ordinary course of an acquisition or disposal which is a Permitted Acquisition or Permitted Disposal which indemnity is in customary form and subject to customary limitations and in accordance with good industry practice;
- (k) any other guarantee approved or consented to by the Security Trustee in accordance with the STID;
- (l) the €37,996.51 guarantee issued to Teknoliakeskus Innopark Oy by Pohjola Bank plc for the account of Elenia Oy;
- (m) the €270,000 guarantee issued to Keskinäinen Vakuutusyhtiö Oy by Pohjola Bank plc for the account of Elenia Oy; or

- (n) any guarantee or indemnity not otherwise permitted under the preceding paragraphs provided that the aggregate maximum potential liability of members of the Security Group thereunder (when aggregated with the amount of loans outstanding under paragraph (h) of the definition of Permitted Loan) does not exceed (without double counting) €5,000,000 (Indexed) (or its equivalent) at any time.

**Permitted Hedge Termination**

means the termination of a Hedging Agreement permitted in accordance with the provisions of the Hedging Policy.

**Permitted Joint Venture**

means a joint venture permitted by paragraph (e) or (f) of the definition of Permitted Acquisition.

**Permitted Loan**

means:

- (a) any trade credit extended by any member of the Security Group to its customers, tenants or licensees, on normal commercial terms and in the ordinary course of trade;
- (b) Financial Indebtedness which is referred to in the definition of, or otherwise constitutes, Permitted Financial Indebtedness under paragraph (d) thereof;
- (c) a loan made to a Permitted Joint Venture so long as the aggregate amount of the Financial Indebtedness under any such loans does not exceed €5,000,000 (Indexed) (or its equivalent) at any time but excluding any such loans which are funded by cashflow available for Restricted Payments or Investor Funding Loans;
- (d) a loan made by an Obligor to another Obligor (including the SPPS) or made by a member of the Security Group which is not an Obligor to another member of the Security Group;
- (e) any loan made by an Obligor to a member of the Security Group which is not an Obligor so long as the aggregate amount of the Financial Indebtedness under any such loans does not exceed €5,000,000 (Indexed) (or its equivalent) at any time;
- (f) a loan made by a member of the Security Group to an employee or director of any member of the Security Group if the amount of that loan (when aggregated with the amount of all loans to employees and directors by members of the Security Group) does not exceed €5,000,000 (Indexed) (or its equivalent) at any time;
- (g) any loan made by a member of the Security Group to a Subordinated Creditor in accordance with the Restricted Payment Condition;
- (h) any loan (other than a loan made by a member of the Security Group to another member of the Security Group) so long as the aggregate amount of the Financial Indebtedness under any such loans (when aggregated with the amount of guarantees outstanding under paragraph (l) of the definition of Permitted Guarantee) does not exceed €10,000,000 (Indexed) (or its

equivalent) at any time but excluding any such loans which are funded by cashflow available for Restricted Payments or Investor Funding Loans;

- (i) subject to the terms of STID, any loan made for the purposes of enabling (indirectly or directly) an Obligor to meet its payment obligations under the Finance Documents; or
- (j) any other loans or grant of credit approved or consented to by the Security Trustee in accordance with the STID,

so long as in the case of paragraphs (c), (d), (e), (g), (h) and (i) above to the extent required by the STID, the creditor and (if the debtor is a member of the Security Group) the debtor of such Financial Indebtedness are or become party to the STID as a new Obligor and where both the debtor and the creditor are members of the Security Group such loan is subordinated in accordance with the terms of the STID.

### **Permitted Payment**

means:

- (a) a payment or payments of management fees, auditors fees and holding company expenses of up to €1,000,000 (Indexed) in aggregate per Financial Year either (i) between Obligors or (ii) by the Obligors to any Excluded Group Entity provided that payment of such management fees shall not be permitted if an Event of Default is outstanding;
- (b) any Restricted Payment made between members of the Security Group (other than any Restricted Payment to the Parent); or
- (c) any payments on Senior Debt held by Affiliates or Related Funds on arms length terms and where all other holders of such Senior Debt are paid on the same terms at such time in accordance with the terms of the relevant Finance Documents or in respect of Treasury Transactions or in respect of financial services where, in each case, such arrangements are entered on an arms length basis and in good faith for the benefit of the Security Group.

### **Permitted Security**

means:

- (a) any Security Interest or Quasi-Security arising by operation of law and in the ordinary course of trading and not as a result of any default or omission by any member of the Security Group or in respect of raising Financial Indebtedness;
- (b) any Security Interest or Quasi-Security over or affecting any asset acquired by a member of the Security Group after the Initial Issue Date if:
  - (i) the Security Interest or Quasi-Security was not created in contemplation of the acquisition of that asset by a member of the Security Group;
  - (ii) the principal amount secured has not been increased in contemplation of or since the acquisition of that asset by a

- member of the Security Group; and
- (iii) the Security Interest or Quasi-Security is removed or discharged within 60 days of the date of acquisition of such asset;
- (c) any Security Interest or Quasi-Security over or affecting any asset of any company which becomes a member of the Security Group after the Initial Issue Date, where the Security Interest or Quasi-Security is created prior to the date on which that company becomes a member of the Security Group if:
  - (i) the Security Interest or Quasi-Security was not created in contemplation of the acquisition of that company;
  - (ii) the principal amount secured has not increased in contemplation of or since the acquisition of that company; and
  - (iii) the Security Interest or Quasi-Security is removed or discharged within 60 days of that company becoming a member of the Security Group;
- (d) any Security Interest or Quasi-Security arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having a similar effect in respect of goods supplied to a member of the Security Group in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by any member of the Security Group or in respect of raising Financial Indebtedness;
- (e) any Quasi-Security arising as a result of a disposal which is a Permitted Disposal;
- (f) any Security Interest or Quasi-Security arising as a consequence of any finance or capital lease permitted pursuant to paragraph (e) of the definition of Permitted Financial Indebtedness;
- (g) the Security Interests created pursuant to the Security Documents;
- (h) any netting or set-off arrangement under an ISDA Master Agreement or schedule thereto entered into by any member of the Security Group pursuant to paragraph 24 (Treasury Transactions) of part 3 (General Covenants) of schedule 2 (Security Group Covenants) of the Common Terms Agreement for the purposes of determining its obligations by reference to its net exposure under that agreement (and for the avoidance of doubt, not as a credit support provider under any such agreement);
- (i) any Security Interest or Quasi-Security provided by a member of the Security Group to a stock, trade or derivative exchange for the purpose of entering into a Hedging Agreement;
- (j) any netting or set-off arrangement or Quasi-Security constituting

a Permitted Transaction;

- (k) any Security Interest or Quasi-Security arising in the ordinary course of trade over documents of title or goods as part of a letter of credit transaction or in respect of other Permitted Financial Indebtedness;
- (l) any Security Interest or Quasi-Security over bank accounts (other than a mandatory prepayment account or a holding account) of a member of the Security Group in favour of the account holding bank with whom that member of the Security Group maintains a banking relationship in the ordinary course of trade and granted as part of that bank's standard terms and conditions;
- (m) any Security Interest or Quasi-Security approved or consented to by the Security Trustee in accordance with the STID;
- (n) any Security Interest or Quasi-Security securing indebtedness the outstanding principal amount of which (when aggregated with the outstanding principal amount of any other indebtedness which has the benefit of Security Interest given by any member of the Security Group other than any permitted under paragraphs (a) to (m) does not exceed €10,000,000 (Indexed) (or its equivalent in other currencies) at any time;
- (o) any security interest arising under statute or by operation of law in favour of any government, state or local authority in respect of taxes, assessments or government charges which are being contested by the relevant member of the Security Group in good faith and with a reasonable prospect of success;
- (p) any security interest created in respect of any pre-judgment legal process or any judgment or judicial award relating to security for costs, where the relevant proceedings are being contested in good faith by the relevant member of the Security Group by appropriate procedures and with a reasonable prospect of success; or
- (q) until the Initial Issue Date, the Existing Security Interests,

but, in each case, excluding any such Security Interest or Quasi-Security over any Real Property.

**Permitted Share Issue**

means:

- (a) an issue of shares by the Parent to its immediate Holding Company, paid for in full in cash upon issue and which by their terms are not redeemable;
- (b) any issue of shares within the Security Group where (if the existing shares are subject to the Security) the newly issued shares also become subject to the Security on the same terms; or;
- (c) any other issue of shares approved or consented to by the Security Trustee in accordance with the STID.

<b>Permitted Share Pledge Acceleration</b>	means the acceleration by the Secured Creditors, without the prior consent of the Majority Creditors, of their respective claims to the extent necessary to apply proceeds of enforcement of the share pledge provided by the Parent, in accordance with the terms of the STID.
<b>Permitted Transaction</b>	means: <ul style="list-style-type: none"> <li>(a) any disposal required, Financial Indebtedness incurred, guarantee, indemnity or Security Interest or Quasi-Security given, or other transaction arising, under the Common Documents;</li> <li>(b) the solvent liquidation or reorganisation of any member of the Security Group which is not an Obligor so long as any payments or assets distributed as a result of such liquidation or reorganisation are distributed to other members of the Security Group; or</li> <li>(c) any other transaction approved or consented to by the Security Trustee in accordance with the STID.</li> </ul>
<b>Pispala BV Finnish Pledge</b>	means the Finnish law governed pledge of all rights to receivables owed to Pispala BV granted on the Initial Issue Date by Pispala BV in favour of the Secured Creditors represented by the Security Trustee.
<b>Post-Enforcement Priority of Payments</b>	means the provisions relating to the order of priority of payments following the occurrence of certain events as set out in the STID.
<b>Potential Event of Default</b>	means any event or circumstance which, with the lapse of time and/or the giving of any notice and/or the making of any determination or any combination of the foregoing (in each case where the lapse of time and/or giving of notice and/or determination is provided for in the terms of such Event of Default, and assuming no intervening remedy), would become an Event of Default.
<b>PP Note Documents</b>	means the PP Note Purchase Agreements, each of the PP Notes and the PP Note SCR Agreement.
<b>PP Note Issuer</b>	means the Issuer.
<b>PP Note Purchase Agreements</b>	means each note purchase agreement pursuant to which the PP Note Issuer issues PP Notes from time to time (including the Series 1 PP Note Purchase Agreement and the Series 2 PP Note Purchase Agreement).
<b>PP Note SCR Agreement</b>	means each secured creditor representative agency deed authorising a party to act, and be named in the relevant Accession Memorandum, as Secured Creditor Representative for the relevant PP Noteholders.
<b>PP Note Secured Creditor Representative</b>	means any person who is appointed as Secured Creditor Representative for PP Noteholders and authorised to act as such under a PP Note SCR Agreement.
<b>PP Noteholders</b>	means those institutions which hold PP Notes from time to time (including the Series 1 PP Note Purchasers and the Series 2 PP Note



Purchasers).

<b>PP Notes</b>	means the privately placed notes issued by the PP Note Issuer from time to time under and pursuant to a PP Note Purchase Agreement (including the Series 1 Notes and the Series 2 Notes).
<b>Pre-Enforcement Priority of Payments</b>	means the provisions relating to the order of priority of payments prior to delivery of an Acceleration Notice as set out in the Common Terms Agreement.
<b>Pre-hedges</b>	has the meaning given to it in paragraph 16 of Schedule 7 (Hedging Policy) of the Common Terms Agreement.
<b>Pre-Sale Report</b>	means any pre-sale report prepared by the Rating Agencies in relation to the issue of the Bonds.
<b>Principal Amount Outstanding</b>	means, in relation to a Bond or Tranche, the original face value thereof less any repayment of principal made to the holder(s) thereof in respect of such Bond or Tranche.
<b>Principal Paying Agent</b>	means, in relation to all or any Tranche of the Bonds, Citibank, N.A., London Branch at its office at 13th Floor, Citigroup Centre, 25 Canada Square, Canary Wharf, London E14 5LB as principal paying agent under the Agency Agreement, or if applicable, any Successor principal paying agent in relation to all or any Tranche of the Bonds.
<b>Proceedings</b>	means any legal proceedings relating to a Dispute.
<b>Programme</b>	means the €3,000,000,000 multicurrency bond programme established by the Issuer which has been listed on the Regulated Market of the London Stock Exchange.
<b>Programme Limit</b>	means €3,000,000,000 subject to increase as provided in the Dealership Agreement.
<b>Prospectus</b>	means the prospectus relating to the Bonds prepared in connection with the Programme and constituting (in the case of Bonds to be listed on a Stock Exchange), to the extent specified in it, a base prospectus for the purposes of Article 5.4 of the Prospectus Directive as revised, supplemented or amended from time to time by the Issuer (including by way of a Drawdown Prospectus) and, in relation to each Bond issue, the applicable Final Terms shall be deemed to be included in the Prospectus.
<b>Prospectus Directive</b>	means Directive 2003/71/EC as amended by Directive 2010/73/EU.
<b>Qualifying Secured Creditor Instruction Notice</b>	means a notice entitled as such, delivered in accordance with the terms of the STID.
<b>Qualifying Secured Creditors</b>	means: <ul style="list-style-type: none"><li>(a) the Original Initial ACF Lenders;</li><li>(b) the WC Facility Providers;</li></ul>

- (c) the Capex Facility Providers;
- (d) each Pari Passu Borrower Hedge Counterparty;
- (e) each Pari Passu Issuer Hedge Counterparty;
- (f) in respect of each Tranche of Bonds, the Bondholders;
- (g) each PP Noteholder; and
- (h) each other Authorised Credit Provider,

provided that no Liquidity Facility Provider or Super Senior Hedge Counterparty shall be a Qualifying Secured Creditor.

**Qualifying Secured Debt** means indebtedness owed by the Obligors to the Qualifying Secured Creditors.

**Qualifying Senior Debt** means:

- (a) the principal amount outstanding under the Bonds;
- (b) the principal amount outstanding under the Authorised Credit Facilities (other than the Liquidity Facility Agreement, the PP Notes and the Hedging Agreements) at such time;
- (c) the principal amount outstanding under the PP Notes;
- (d) subject to the Entrenched Rights, in relation to any Hedging Transaction arising under a Pari Passu Hedging Agreement prior to the taking of any Enforcement Action in relation to any vote on (i) whether to take any Enforcement Action or (ii) to terminate any Standstill, an amount calculated in accordance with paragraph (c) of clause 12.2 (Voting in respect of Pari Passu Hedge Counterparties) of the STID;
- (e) subject to the Entrenched Rights (i) in relation to any Hedging Transaction arising under a Pari Passu Hedging Agreement in respect of which an Early Termination Date (as defined in the relevant Pari Passu Hedging Agreement) has been designated, the amount (if any) outstanding to the relevant Pari Passu Hedge Counterparty following such termination (as calculated in accordance with the terms of the Pari Passu Hedging Agreement) and/or (ii) otherwise, the Equivalent Amount (as calculated by the relevant Hedge Counterparty) representing the mark-to-market value (on the date falling two Business Days after the commencement of the relevant Decision Period) of any transaction or transactions arising under a Pari Passu Hedging Agreement to the extent that such value represents an amount which would be payable to the relevant Pari Passu Hedge Counterparty if an Early Termination Date (as defined in the relevant Pari Passu Hedging Agreement) was designated at such time in respect of such transaction or transactions; and

- (f) the principal amounts outstanding under any other secured term loan facilities which are Authorised Credit Facilities at such time ranking *pari passu* with the above (but excluding for the avoidance of doubt any Liquidity Facilities or any Hedging Transactions arising under a Super Senior Hedging Agreement).

**Quasi-Security** means an arrangement or transaction described in paragraphs 12(b)(i) to (iv) (Negative Pledge) of part 3 (General Covenants) of schedule 2 (Security Group Covenants) of the Common Terms Agreement.

**Quorum Requirement** means:

- (a) in relation to an Ordinary Voting Matter, the percentage set forth in clause 15.2 (Quorum Requirement for an Ordinary Voting Matter) of the STID;
- (b) in relation to an Extraordinary Voting Matter, the percentages set forth in clause 16.2 (Quorum Requirement for an Extraordinary Voting Matter) of the STID; and
- (c) in relation to a Direction Notice other than in connection with a Standstill, the percentage set forth in clause 25.2 (Quorum and Voting Requirements in respect of a Direction Notice) of the STID.

**Rating Agencies** means each of Fitch, Moody's and S&P and any successor to any of the aforementioned parties (and **Rating Agency** means any one of them).

**Ratings Confirmation** in respect of a proposed action means a confirmation by the relevant Rating Agencies mandated by the Issuer from time to time (who give such Ratings Confirmations as a part of their mandate), in respect of each Tranche of the relevant Bonds, to the effect that the then ratings on such Tranche of Bonds would not be reduced below the lower of (a) the credit ratings of such Bonds as at their Issue Date and (b) Investment Grade

**Ratio** means either the Trigger Event Ratio or the Default Ratio.

**Real Property** means:

- (a) any freehold, leasehold or immovable property; and
- (b) any buildings, fixtures, fittings, fixed plant or machinery from time to time situated on or forming part of that freehold, leasehold or immovable property.

**Receiptholders** means the several persons who are for the time being holders of the Receipts.

**Receipts** means a receipt attached on issue to a Bearer Definitive Bond redeemable in instalments for the payment of an instalment of principal, such receipt being in the form or substantially in the form scheduled to the Bond Trust Deed or in such other form as may be required in any jurisdiction in which a particular Tranche of Bonds may be issued or sold from time to time or

as otherwise agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s) and includes any replacements for Receipts issued pursuant to Condition 14 (*Replacement of Bonds, Coupons, Receipts and Talons*).

<b>Receiver</b>	means any receiver, manager or administrative receiver in respect of the whole or any part of the Security.
<b>Receiving Entity</b>	has the meaning given to it in clause 21.6 (Distressed Disposals) of the STID.
<b>Redemption Amount</b>	has the meaning given to that term in Condition 22 ( <i>Definitions</i> ).
<b>Reference Banks</b>	means the principal London offices of any bank or financial institution appointed as such by the relevant Agent or Facility Agent.
<b>Recipient</b>	has the meaning given to it in clause 13.2 (Payment of amounts in respect of VAT) of the Common Terms Agreement.
<b>Register</b>	has the meaning given to it in paragraph (a) of clause 10.2 (Other Duties of the Registrar) of the Agency Agreement.
<b>Registered Bonds</b>	means those Bonds (if any) which are for the time being in registered form.
<b>Registered Definitive Bond</b>	means a Registered Bond in definitive form issued or, as the case may require, to be issued by the Issuer in accordance with the provisions of the Dealership Agreement or any other agreement between the Issuer and the relevant Dealer(s), the Agency Agreement and the Bond Trust Deed either on issue or in exchange for a Registered Global Bond or part thereof (all as indicated in the applicable Final Terms), such Registered Definitive Bond being in the form or substantially in the form set out in part 8 (Form of Registered Definitive Bond) of schedule 2 (Form of Bonds, Receipts, Coupons and Talons) to the Bond Trust Deed with such modifications (if any) as may be required in any jurisdiction in which a particular Tranche of Bonds may be issued or sold from time to time or as otherwise agreed between the Issuer, the Registrar, the Bond Trustee and the relevant Dealer(s) and having the Conditions endorsed thereon or, if permitted by the relevant Stock Exchange, incorporating the Conditions by reference as indicated in the applicable Final Terms and having the relevant information supplementing, replacing or modifying the Conditions appearing in the applicable Final Terms endorsed thereon or attached thereto and having a Form of Transfer endorsed thereon.
<b>Registered Global Bond</b>	means a Regulation S Global Bond and/or a Rule 144A Global Bond, as the context may require.
<b>Registrar</b>	means, in relation to any Tranche of Registered Bonds, Citigroup Global Markets Deutschland AG, at its office at Reuterweg 16, 60323 Frankfurt, Germany or, if applicable, any Successor registrar in relation to all or any Tranche of Bonds.
<b>Regulation S</b>	means Regulation S adopted by the U.S. Securities and Exchange Commission under the Securities Act.

<b>Regulation S Global Bond</b>	means a registered global bond in the form or substantially in the form scheduled to the Bond Trust Deed with such modifications (if any) as may be required in any jurisdiction in which a particular Tranche of Bonds may be issued or sold from time to time or as otherwise agreed between the Issuer, the Registrar, the Bond Trustee and the relevant Dealer(s), together with the copy of the applicable Final Terms annexed thereto, comprising some or all of the Registered Bonds of the same Tranche sold to non-U.S. persons outside the United States in reliance on Regulation S under the Securities Act, issued by the Issuer pursuant to the Dealership Agreement or any other agreement between the Issuer and the relevant Dealer(s) relating to the Programme, the Agency Agreement and the Bond Trustee.
<b>Regulator</b>	means the Energy Authority of Finland and any other additional or replacement governmental authority which may from time to time regulate any of the Obligor's businesses.
<b>Regulatory Period</b>	means each consecutive period in respect of which the Regulator monitors the pricing of each network operator and confirms the earnings accrued during such period by each such operator and the absolute amount by which such earnings exceed or fall below the earnings that are deemed reasonable under the regulation methods issued by the Regulator for the assessment of reasonableness in pricing for such period (such period being at the date of this Prospectus a four year period).
<b>Related Fund</b>	in relation to a fund (the <b>first fund</b> ), means a fund which is managed or advised by the same investment manager or investment adviser as the first fund, or if it is managed by a different investment manager or investment adviser, a fund whose investment manager or investment adviser is an Affiliate of the investment manager or investment adviser of the first fund.
<b>Relevant Debt</b>	means, without double counting, principal amounts outstanding under the Secured Debt from time to time (disregarding for these purposes the notional amount under any Hedging Agreement and the drawn or undrawn commitments under any Liquidity Facility Agreement, the WC Facility and the Capex Facility).
<b>Relevant Financial Centre</b>	means, with respect to any Bond, the financial centre specified as such in the relevant Final Terms or, if none is so specified, the financial centre with which the Relevant Rate is most closely connected as determined by the Agent Bank (or the Calculation Agent, if applicable).
<b>Relevant Jurisdiction</b>	means, in relation to an Obligor: <ul style="list-style-type: none"> <li>(a) its jurisdiction of incorporation;</li> <li>(b) any jurisdiction where any asset subject to or intended to be subject to the Security to be created by it is situated;</li> <li>(c) any jurisdiction where it conducts its business; and</li> <li>(d) the jurisdiction whose laws govern the perfection of any of the Security Documents entered into by it.</li> </ul>

<b>Relevant Period</b>	<p>means, for the purpose of:</p> <ul style="list-style-type: none"> <li>(a) any Calculation Date in respect of a Trigger Event Ratio: <ul style="list-style-type: none"> <li>(i) the period of 12 months ending on that Calculation Date; and</li> <li>(ii) the period of 12 months starting on that Calculation Date; or</li> </ul> </li> <li>(b) any Calculation Date in respect of a Default Ratio, the period of 12 months ending on that Calculation Date.</li> </ul>
<b>Relevant Rate</b>	has the meaning given to it in Condition 22 ( <i>Definitions</i> ).
<b>Repayment Costs</b>	means, in respect of the repayment or prepayment of all or part of a particular Secured Debt, any make-whole or redemption premium or other equivalent costs payable including any related swap termination amounts and break costs payable in connection with the repayment or prepayment of such Secured Debt.
<b>Repeating Representation</b>	means the representations set out in paragraphs 1 (Status) to 5 (Non-Conflict with Other Obligations) inclusive, paragraphs 10(a) and 10(c) (No default or Trigger Event), paragraph 14 (Choice of Law) and paragraph 16 (Centre of Main Interests) of schedule 1 (Security Group Representations) to the Common Terms Agreement.
<b>Reporting Date</b>	<p>means:</p> <ul style="list-style-type: none"> <li>(a) in respect of each Calculation Date in connection with which Annual Financial Statements are prepared, 180 days after such Calculation Date; and</li> <li>(b) in respect of each Calculation Date in connection with which Semi-Annual Financial Statements are prepared, 90 days after such Calculation Date.</li> </ul>
<b>Representative</b>	means any delegate, agent, manager, administrator, nominee, attorney, trustee or custodian.
<b>Request</b>	means a request for utilisation of any Authorised Credit Facility (where applicable).
<b>Reservations</b>	<p>means:</p> <ul style="list-style-type: none"> <li>(a) the principle that equitable remedies are remedies which may be granted or refused at the discretion of the court, the limitation of enforcement by laws relating to bankruptcy, insolvency, liquidation, reorganisation, court schemes, moratoria, administration and other laws generally affecting the rights of creditors;</li> <li>(b) the time barring of claims under applicable limitation laws</li> </ul>

(including the Limitation Acts), the possibility that an undertaking to assume liability for or to indemnify a person against non-payment of stamp duty may be void, defences of set-off or counterclaim; and

- (c) any other general principles which are set out as qualifications as to matters of law in the legal opinions delivered to the Security Trustee under the CP Agreement.

**Reserved Matters** has the meaning given to it in schedule 3 (Reserved Matters) of the STID.

**Restricted Payment** means any payment (including but not limited to, any payment on or in respect of distributions, dividends, bonus issues, return of capital, fees, interest, principal, loans or other amounts whatsoever) in cash or in kind to any Excluded Group Entity or the Parent, other than Permitted Payments.

**Restricted Payment Condition** means:

- (a) the most recently delivered Compliance Certificate has shown that the Trigger Event Ratios have been satisfied and would continue to be satisfied after the making of any proposed Restricted Payment;
- (b) no Event of Default or Potential Event of Default (other than in respect of the Financial Covenants) is subsisting or would result from making any proposed Restricted Payment; and
- (c) no Trigger Event (other than in respect of the Trigger Event Ratios) is subsisting or would result from making any proposed Restricted Payment.

**Reverse Charge** means the mechanism whereby the recipient of a supply is required to account to the relevant Tax Authority for VAT.

**Revolving Loan** means any revolving loan outstanding under any Authorised Credit Facility.

**Rule 144A** means Rule 144A under the Securities Act.

**Rule 144A Global Bond** means a registered global note in the form or substantially in the form set out in schedule 1 (Form of Bonds, Receipts, Coupons and Talons) to the Bond Trust Deed with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s), together with the copy of the applicable Final Terms annexed thereto, sold to Qualified Institutional Buyers (as defined in Rule 144A) in reliance on Rule 144A, issued by the Issuer pursuant to the Dealership Agreement or any other agreement between the Issuer and the relevant Dealer(s) relating to the Programme, the Agency Agreement and the Bond Trustee.

**S&P or Standard & Poor's** means Standard & Poor's Credit Markets Service Europe Limited or any successor to its rating business.

<b>Scheduled Redemption Date</b>	has the meaning given to it in the relevant Final Terms.
<b>Screen Rate</b>	(a) in respect of the Bonds, has the meaning given thereto in the relevant Final Terms and (b) in respect of any other Authorised Credit Facility, has the meaning given to such term in such Authorised Credit Facility Agreement.
<b>Screen Rate Determination</b>	has the meaning given to it in Condition 6(c) ( <i>Floating Rate Bonds</i> ).
<b>Secured Creditor Representative</b>	means the representative of a Secured Creditor appointed in accordance with clause 10 (Appointment of Representatives) of the STID.
<b>Secured Creditors</b>	means: <ul style="list-style-type: none"> <li>(a) the Security Trustee (in its own capacity and on behalf of the other Secured Creditors);</li> <li>(b) in respect of each Tranche of Bonds, the Bondholders;</li> <li>(c) the Bond Trustee (in its own capacity and on behalf of the Bondholders);</li> <li>(d) the Original Initial ACF Lenders;</li> <li>(e) WC Facility Providers;</li> <li>(f) Capex Facility Providers;</li> <li>(g) each Facility Agent under each Authorised Credit Facility;</li> <li>(h) each Hedge Counterparty;</li> <li>(i) each Liquidity Facility Provider;</li> <li>(j) the Liquidity Facility Agent;</li> <li>(k) the Account Bank;</li> <li>(l) the Principal Paying Agent;</li> <li>(m) the Agent Bank;</li> <li>(n) the Transfer Agent;</li> <li>(o) any replacement Cash Manager who is not a member of the Security Group;</li> <li>(p) each PP Noteholder;</li> <li>(q) each other Authorised Credit Provider;</li> <li>(r) each PP Note Secured Creditor Representative;</li> </ul>



- (s) the Standstill Cash Manager;
- (t) each other Agent;
- (u) each Additional Secured Creditor;
- (v) the Exchange Agent;
- (w) the Issuer Corporate Services Provider under the Issuer Corporate Services Agreement; and
- (x) the Registrar,

and **Secured Creditor** means any one of them.

**Secured Debt**

means any financial accommodation that is, for the purposes of the STID, to be treated as Secured Debt and includes the Security Group's and the Issuer's liabilities (as appropriate) under:

- (a) each WC Facility;
- (b) each Capex Facility;
- (c) the Liquidity Facility;
- (d) the PP Notes;
- (e) the Bonds;
- (f) any and all liabilities under the Hedging Agreements;
- (g) each other Authorised Credit Facility; and
- (h) any further debt incurred in due course, the provider of which accedes to the relevant Finance Documents.

**Secured Liabilities**

means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Obligor to any Secured Creditor under each Finance Document to which such Obligor is a party.

**Securities Act**

means the United States Securities Act of 1933.

**Security**

means the security constituted by the Security Documents including any guarantee or obligation to provide cash collateral or further assurance thereunder, including the following:

- (a) fixed charge over all shares;
- (b) assignments by way of security of its rights under the Finance Documents to which it is a party, including the Hedging Agreements, the Common Terms Agreement, each Liquidity Facility Agreement and the STID;
- (c) assignments by way of security of the benefit of insurance

policies;

- (d) fixed or floating charges over bank accounts (depending on the relevant account) and charges over investments; and
- (e) a floating charge over all of its assets to the extent not effectively charged or assigned by way of fixed security.

**Security Agreements**

means the English law deed of charge and guarantee executed in favour of the Security Trustee by each of the Obligors on the Initial Issue Date and any other deed of charge supplemental thereto.

**Security Documents**

means:

- (a) the Security Agreements;
- (b) the Luxembourg Share Pledge;
- (c) the Issuer Luxembourg Share Pledge;
- (d) the Luxembourg Receivables Pledge;
- (e) the Finnish Pledges;
- (f) the STID and each deed of accession thereto, together with any deed supplemental to the STID and referred to in the STID as a **Supplemental Deed**; and
- (g) any other document evidencing or creating security over any asset of an Obligor to secure any obligation of any Obligor to a Secured Creditor in respect of the Secured Liabilities.

**Security Group**

means the Parent and each of its Subsidiaries.

**Security Group Agent**

means Elenia Networks.

**Security Interest**

means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

**Security Trustee**

means Citicorp Trustee Company Limited or any successor appointed as security trustee pursuant to the STID.

**Semi-Annual Financial Statements**

means the financial statements delivered pursuant to paragraph 1(b) of part 1 (Information Covenants) of schedule 2 (Security Group Covenants) of the Common Terms Agreement.

**Senior Debt**

means any financial accommodation that is, for the purposes of the STID, to be treated as Senior Debt and includes:

- (a) each Initial Authorised Credit Facility, the Bonds, the PP Notes and each Pari Passu Hedging Agreement; and
- (b) any further debt incurred which ranks *pari passu* with the debt specified in (a) above.

<b>Series</b>	means a Tranche of Bonds together with any further Tranches of Bonds which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices and the expressions <b>Bonds of the relevant Series</b> , <b>holders of Bonds of the relevant Series</b> and related expressions shall (where appropriate) be construed accordingly.
<b>Shortfall Paragraph</b>	means the relevant paragraph(s) in the Pre-Enforcement Priority of Payments which the Standstill Cash Manager forecasts there to be insufficient revenue to pay when due, following the commencement of a Standstill Period and for so long as such period continues, and provided that no Enforcement Action (other than a Permitted Share Pledge Acceleration) has occurred, as more fully set out in the Common Terms Agreement.
<b>Signing Date</b>	means the date of the MDA.
<b>Specified Currency</b>	means, subject to any applicable legal or regulatory restrictions, Euro, Sterling, U.S. Dollars and such other currency or currencies as may be agreed from time to time by the Issuer, the relevant Dealer, the Principal Paying Agent and the Bond Trustee and specified in the applicable Final Terms.
<b>Specified Denominations</b>	means in respect of a Series of Bonds, the denomination or denominations of such Bonds specified in the applicable Final Terms.
<b>Sponsor</b>	means 3iNF, GSIP and Ilmarinen.
<b>SPPS</b>	means the subordinated profit participating security agreements to be entered into between Elenia Finance (SPPS) and Elenia Holdings on or about the date of the MDA.
<b>Standby Drawing</b>	means a drawing made under the Liquidity Facility Agreement as a result of a downgrade of a Liquidity Facility Provider below the Minimum Long-Term Rating or in the event that the Liquidity Facility Provider fails to review its Commitment.
<b>Standstill</b>	means, as provided for in clause 20.1 (Commencement of Standstill) of the STID, a standstill of claims of the Secured Creditors against the Obligors immediately upon notification to the Security Trustee of the occurrence of an Event of Default.
<b>Standstill Cash Manager</b>	means, initially, The Royal Bank of Scotland plc or any other person so appointed in such capacity as Standstill Cash Manager under the CTA.
<b>Standstill Period</b>	means a period during which a standstill arrangement is subsisting, commencing on the date as determined in accordance with the STID and ending on the date as determined in accordance with the STID.
<b>Standstill Remedy</b>	means the waiver or remedy of Event of Default giving rise to the Standstill Period in accordance with the terms of the STID.

<b>Sterling and £</b>	means the lawful currency for the time being of the U.K.
<b>STID or Security Trust and Intercreditor Deed</b>	means the security trust and intercreditor deed entered into on 10 December 2013 between the parties to the Common Terms Agreement, together with any deed supplemental to the STID and referred to in the STID as a <b>Supplemental Deed</b> .
<b>STID Permitted Prepayment</b>	means a payment permitted by clause 6.1 (Undertakings of Secured Creditors) of the STID.
<b>STID Proposal</b>	means a proposal or request made by the Security Group Agent in accordance with the STID proposing or requesting the Security Trustee to concur in making any modification, giving any consent or granting any waiver under or in respect of any Common Document.
<b>STID Voting Request</b>	has the meaning given to it in clause 13.7 (STID Voting Request) of the STID.
<b>Stock Exchange</b>	means the London Stock Exchange or any other or further stock exchange(s) on which any Bonds may from time to time be listed, and references to the <b>relevant Stock Exchange</b> shall, in relation to any Bonds, be references to the Stock Exchange on which such Bonds are, from time to time, or are intended to be, listed.
<b>Subordinated Creditor</b>	means Kimi BV, Pispala BV and Tampere BV and any entity which accedes to the STID as a Subordinated Creditor in the form set out in part 5 (Form of Accession Memorandum (New Subordinated Creditor)) of schedule 1 (Form of Accession Memorandum) to the STID.
<b>Subordinated Intragroup Creditor</b>	means Elenia Networks, Elenia Heat, Elenia Finance (SPPS) and any other member of the Security Group which accedes to the STID as a Subordinated Intragroup Creditor in the form set out in part 4 (Form of Accession Memorandum (New Subordinated Intragroup Creditor)) of schedule 1 (Form of Accession Memorandum) to the STID.
<b>Subordinated Liabilities</b>	means all present and future liabilities at any time of any member of the Security Group to a Subordinated Creditor, in respect of any Financial Indebtedness.
<b>Subordinated Intragroup Liabilities</b>	means all present and future liabilities at any time of any member of the Security Group to a Subordinated Intragroup Creditor in respect of any Financial Indebtedness.
<b>Subordinated Liquidity Payments</b>	means all amounts payable under, or in any way in connection with, the Liquidity Facility Agreement, other than: <ul style="list-style-type: none"> <li>(a) principal and interest in respect of a drawing under the Liquidity Facility or a Standby Drawing;</li> <li>(b) the commitment fee payable in respect of the Liquidity Facility; and</li> <li>(c) any increased costs payable in accordance with the Liquidity Facility Agreement.</li> </ul>

and which arise upon the occurrence of a breach by the relevant Liquidity Facility Provider of its obligations under the relevant Liquidity Facility.

**Subscription Agreement** means an agreement supplemental to the Dealership Agreement (by whatever name called) substantially in such form as may be agreed between, among others, the Issuer and one or more relevant Dealers (as the case may be).

**Subsidiary** means:

- (a) a subsidiary within the meaning of section 1159 of the Companies Act 2006 and, unless the context otherwise requires, a subsidiary undertaking within the meaning of section 1162 of the Companies Act 2006;
- (b) for the purposes of any Finnish company, a subsidiary within the meaning of Chapter 8, Section 12 of the Finnish Companies Act (624/2006) or pursuant to applicable equivalent legislation;
- (c) for the purposes of any Dutch company, a subsidiary within the meaning of article 2:24a of the Dutch Civil Code; and
- (d) for the purposes of any Luxembourg company, a subsidiary within the meaning of the Luxembourg law of 10 August 1915 on commercial companies, as amended.

**Successor** means, in relation to the Principal Paying Agent, the other Paying Agents, the Reference Banks, the Registrar, the Transfer Agent, the Agent Bank and the Calculation Agent, any successor to any one or more of them in relation to the Bonds of the relevant Tranche which shall become such pursuant to the provisions of the Bond Trust Deed and/or the Agency Agreement (as the case may be) and/or such other or further principal paying agent, paying agents, reference banks, registrar, transfer agent, agent bank and calculation agent (as the case may be) in relation to the Bonds as may from time to time be appointed as such, and/or, if applicable, such other or further specified offices (in the case of the Principal Paying Agent and the Registrar being within the same city as the office(s) for which it is substituted) as may from time to time be nominated, in each case by the Issuer and the Obligors, and (except in the case of the initial appointments and specified offices made under and specified in the Conditions and/or the Agency Agreement, as the case may be) notice of whose appointment or, as the case may be, nomination has been given to the Bondholders.

**Successor Cash Manager** means any successor to the Cash Manager (other than the Standstill Cash Manager) which shall from time to time be appointed pursuant to clause 23 (Termination) of the Cash Management Agreement.

**Successor Security Trustee** means any successor to the Security Trustee which from time to time shall be appointed as such pursuant to the STID.

**Super Senior Borrower Hedging Agreement** means a Borrower Hedging Agreement under which the obligations of Elenia Networks rank in priority to Elenia Networks' obligations under the

	other Authorised Credit Facilities, the WC Facility, the Capex Facility and the PP Notes.
<b>Super Senior Hedge Counterparty</b>	means the counterparty to any Super Senior Borrower Hedging Agreement or any Super Senior Issuer Hedging Agreement.
<b>Super Senior Hedging Agreement</b>	means any Super Senior Borrower Hedging Agreement and/or any Super Senior Issuer Hedging Agreement, as the context requires.
<b>Super Senior Issuer Hedging Agreement</b>	means an Issuer Hedging Agreement under which the obligations of the Issuer rank in priority to the Issuer's obligations under the Bonds.
<b>Swap Transaction</b>	means a swap transaction, or the relevant portion of a swap transaction, entered into pursuant to a Hedging Agreement.
<b>Talonholders</b>	means the several persons who are for the time being holders of the Talons.
<b>Talons</b>	means the talons (if any) appertaining to, and exchangeable in accordance with the provisions therein contained for further Coupons appertaining to, the Bearer Definitive Bonds (other than Zero Coupon Bonds), such talons being in the form, or substantially in the form, set out in part 6 (Form of Talon) of schedule 1 (Form of Bonds, Receipts, Coupons and Talons) to the Bond Trust Deed or in such other form as may be required in any jurisdiction in which a particular Tranche of Bonds may be issued or sold from time to time or as otherwise agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s) and includes any replacements for Talons issued pursuant to Condition 14 ( <i>Replacement of Bonds, Coupons, Receipts and Talons</i> ).
<b>Tampere BV Finnish Pledge</b>	means the Finnish law governed pledge of all rights to receivables owed to Tampere BV granted on the Initial Issue Date by Tampere BV in favour of the Secured Creditors represented by the Security Trustee.
<b>TARGET Settlement Day</b>	means any day on which the TARGET2 System is open for the settlement of payments in Euro.
<b>TARGET2 System</b>	means the Trans-European Automated Real-Time Gross Settlement Express Transfer System (Target 2) which utilises a single shared platform and which was launched on 19 November 2007.
<b>Tax</b>	means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any related penalty or interest) and <b>Taxes, taxation, taxable</b> and comparable expressions will be construed accordingly.
<b>Tax Authority</b>	means any government, state, municipal, local, federal or other fiscal, revenue, customs or excise authority, body or official anywhere in the world exercising a fiscal, revenue, customs or excise function.
<b>Tax Deed of Covenant</b>	means the deed entered into on 10 December 2013 by (among others) the relevant Obligor, the Security Trustee and the Bond Trustee.
<b>Temporary Bearer Global</b>	means a temporary global bond in the form, or substantially in the form,

<b>Bond</b>	scheduled to the Bond Trust Deed together with the copy of the applicable Final Terms annexed thereto with such modifications (if any) as may be required in any jurisdiction in which a particular Tranche of Bonds may be issued or sold from time to time or as otherwise agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s), comprising some or all of the Bearer Bonds of the same Tranche, issued by the Issuer pursuant to the Dealership Agreement or any other agreement between the Issuer and the relevant Dealer(s) relating to the Programme, the Agency Agreement and the Bond Trust Deed.
<b>Total Net Debt</b>	<p>means, at any time, the aggregate amount of all obligations of members of the Security Group for or in respect of Borrowings at that time but:</p> <ul style="list-style-type: none"> <li>(a) <b>excluding</b> any such obligations to any other member of the Security Group or shareholder thereof (other than Borrowings acquired by such shareholder as part of a Debt Purchase Transaction (as such term is defined in any Authorised Credit Facility) to the extent not discharge in accordance with the terms thereof);</li> <li>(b) <b>deducting</b> amounts standing to the credit of the Debt Service Reserve Account;</li> <li>(c) <b>including</b>, in the case of Finance Leases only, their capitalised value; and</li> <li>(d) <b>deducting</b> the aggregate amount of Cash and Cash Equivalent Investments held by any member of the Security Group at that time,</li> </ul> <p>and so that no amount shall be included, deducted or excluded more than once.</p>
<b>Tranche</b>	means all Bonds which are identical in all respects (save for the Issue Date, Interest Commencement Date and Issue Price).
<b>Transfer Agent</b>	means, in relation to all or any Tranche of the Registered Bonds, the several institutions at their respective specified offices initially appointed as transfer agents in relation to such Bonds by the Issuer pursuant to the relative Agency Agreement and/or, if applicable, any Successor transfer agents at their respective specified offices in relation to all or any Tranche of the Bonds.
<b>Transfer Certificate</b>	<p>means:</p> <ul style="list-style-type: none"> <li>(a) in relation to the Liquidity Facility Agreement, a certificate in or substantially in the form scheduled to the Liquidity Facility Agreement; and</li> <li>(b) in relation to the Agency Agreement, a certificate in the form scheduled to the Agency Agreement.</li> </ul>
<b>Treasury Transaction</b>	means any currency or interest rate purchase, cap or collar agreement, forward rate agreement, interest rate agreement, index-linked agreement,

interest rate or currency or future or option contract, foreign exchange or currency purchase or sale agreement, interest rate swap, currency swap or combined similar agreement or any derivative transaction protecting against or benefiting from fluctuations in any rate or price or currency.

<b>Trigger Event</b>	means any of the events or circumstances identified as such in the Common Terms Agreement.
<b>Trigger Event Ratio Levels</b>	means, on any date when the following ratios are calculated in accordance with the MDA to breach the relevant level specified below as determined as at the Calculation Date relating to the Relevant Period: (a) the Interest Coverage Ratio is less than 1.70 to 1; and (b) the Leverage Ratio is greater than 9.5 to 1, as more fully set out in the Common Terms Agreement.
<b>Trigger Event Ratios</b>	means the financial ratios set out in to the definition of "Trigger Event Ratio Levels", as more fully set out in the Common Terms Agreement.
<b>Trigger Event Remedies</b>	means the remedies to a Trigger Event as set out in the Common Terms Agreement and <b>Trigger Event Remedy</b> means any of them.
<b>Trustee Acts</b>	means the Trustee Act 1925 and the Trustee Act 2000 of England and Wales.
<b>U.S. Dollar, USD or \$</b>	means the lawful currency for the time being of the United States of America.
<b>Utilisation</b>	means a loan under an Authorised Credit Facility or a Letter of Credit.
<b>VAT</b>	means value added tax as provided for in the Council Directive 2006/112/EC on the common system of value added tax and any law of a member state of the European Union adopting or implementing the same and any other tax of a similar nature.
<b>Voted Qualifying Debt</b>	means the Outstanding Principal Amount (in the case of Bonds, for the time being outstanding) actually voted thereon by the Qualifying Secured Creditors.
<b>Voting Closure Date</b>	means: <ul style="list-style-type: none"> <li>(a) in relation to an Ordinary STID Resolution, the date on which the Security Trustee has received votes sufficient to pass such Ordinary STID Resolution pursuant to clause 14 (Ordinary Voting Matters) of the STID; and</li> <li>(b) in relation to an Extraordinary STID Resolution, the date on which the Security Trustee has received votes sufficient to pass such Extraordinary STID Resolution pursuant to clause 15 (Extraordinary Voting Matters) of the STID.</li> </ul>
<b>Voting Date</b>	has the meaning given to it in schedule 4 (Provisions for Voting) to the Bond Trust Deed.
<b>WC Facility</b>	means a revolving overdraft and working capital facility.



<b>WC Facility Providers</b>	means the Original Initial ACF Lenders in their capacity as WC Facility Providers together with any party which provides Elenia Networks or Elenia Heat with a WC Facility and accedes to the Common Terms Agreement and the STID.
<b>Zero Coupon Bond</b>	means a Bond specified as such in the relevant Final Terms and on which no interest is payable.

## INDEX OF DEFINED TERMS

The following is an index of the defined terms used in this Prospectus and the pages on which such terms are defined.

<p style="text-align: center;">\$</p> <p>\$ ..... 7, 378</p> <p style="text-align: center;">£</p> <p>£ ..... 7, 374</p> <p style="text-align: center;">€</p> <p>€ ..... 7, 325</p> <p style="text-align: center;">2</p> <p>2006-2010 Investments ..... 68</p> <p>2013 Reform ..... 99</p> <p style="text-align: center;">3</p> <p>30/360 ..... 251</p> <p>30E/360 ..... 251</p> <p>360/360 ..... 251</p> <p>3iNF ..... 84</p> <p>3Inf ..... 304</p> <p style="text-align: center;">A</p> <p>Acceleration Notice ..... 304</p> <p>Acceptable Bank ..... 304</p> <p>Accession Date ..... 304</p> <p>Accession Memorandum ..... 304</p> <p>Account ..... 304</p> <p>Account Bank ..... 25, 304</p> <p>Account Bank Agreement ..... 206, 304</p> <p>Accountholder ..... 248</p> <p>Accounting Reference Date ..... 304</p> <p>Accounting Standards ..... 304</p> <p>Accrual Yield ..... 230, 253</p> <p>ACER ..... 101</p> <p>Acquiring Company ..... 354</p> <p>Acquisition ..... 60, 304</p> <p>Actual/360 ..... 251</p> <p>Actual/365 ..... 251</p> <p>Actual/365 (Fixed) ..... 251</p> <p>Actual/Actual ..... 251</p> <p>Actual/Actual (ICMA) ..... 250</p> <p>Additional Equity ..... 145, 305</p> <p>Additional Obligor ..... 305</p> <p>Additional Secured Creditor Terms ..... 305</p> <p>Additional Secured Creditors ..... 305</p> <p>Additional Subordinated Creditor ..... 305</p> <p>Additional Subordinated Intragroup Creditor ..... 305</p> <p>Adjourned Voting Date ..... 182, 240</p> <p>Administrative Party ..... 305</p> <p>Advance ..... 305</p> <p>Affected Secured Creditor ..... 305</p> <p>Affiliate ..... 305</p> <p>Agency Agreement ..... 205, 306</p> <p>Agent ..... 306</p> <p>Agent Bank ..... 25, 205, 306</p>	<p>Agents ..... 306</p> <p>Aggregate Available Liquidity ..... 306</p> <p>AIFMD ..... 9, 58</p> <p><b>AIFMD Retention Requirements</b> ..... 58</p> <p>Alternative Redemption Amount ..... 226, 306</p> <p>Ancillary Facility ..... 306</p> <p>Annual Financial Statements ..... 306</p> <p>Anticipate ..... 8</p> <p>Appropriate Expert ..... 306</p> <p>Arrangers ..... 23</p> <p>Auditors ..... 306</p> <p>Authorisation ..... 307</p> <p>Authorised Credit Facility ..... 27, 307</p> <p>Authorised Credit Facility Agreement ..... 307</p> <p>Authorised Credit Provider ..... 307</p> <p>Authorised Credit Providers ..... 23</p> <p>Authorised Signatory ..... 307</p> <p>Available Enforcement Proceeds ..... 307</p> <p>Available Standby Amount ..... 307</p> <p style="text-align: center;">B</p> <p>Base Currency ..... 307</p> <p>Base Index Figure ..... 218</p> <p>Base Prospectus ..... 265, 277</p> <p>Basel Committee ..... 56</p> <p>Basel III ..... 56</p> <p>Basic Terms Modification ..... 239, 307</p> <p>Bearer Bonds ..... 3, 207, 307</p> <p>Bearer Definitive Bond ..... 307</p> <p>Bearer Global Bond ..... 256, 308</p> <p>Believe ..... 8</p> <p>Beneficial Owner ..... 264</p> <p>Block Voting Instruction ..... 248</p> <p>Blocked Bond ..... 249</p> <p>Bond ..... 308</p> <p>Bond Purchases ..... 34</p> <p>Bond Relevant Date ..... 250, 308</p> <p>Bond Trust Deed ..... 31, 205, 308</p> <p>Bond Trustee ..... 3, 24, 205, 308</p> <p>Bondholder ..... 23, 208</p> <p>Bondholders ..... 23, 309</p> <p>Bonds ..... 3, 205, 308</p> <p>Borrower Hedge Counterparties ..... 24</p> <p>Borrower Hedge Counterparty ..... 24, 309</p> <p>Borrower Hedging Agreement ..... 24, 309</p> <p>Borrower Hedging Transaction ..... 309</p> <p>Borrower Subordinated Hedge Amounts ..... 309</p> <p>Borrowings ..... 309</p> <p>Breach of Duty ..... 310</p> <p>Bund Rate ..... 223</p> <p>Business Acquisition ..... 310</p> <p>Business Day ..... 250, 310, 311</p> <p>Business Day Convention ..... 250, 311</p> <p style="text-align: center;">C</p> <p>Calculation Agency Agreement ..... 205, 311</p> <p>Calculation Agent ..... 205, 311</p> <p>Calculation Amount ..... 250</p> <p>Calculation Date ..... 311</p>
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