

BASE PROSPECTUS DATED MARCH 31, 2015



## **METSO CORPORATION**

*(incorporated with limited liability in the Republic of Finland)*

**€1,500,000,000**

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

*(Notes issued under the Programme will have a minimum denomination of €100,000 (or its equivalent in another currency))*

This Base Prospectus has been approved by the Luxembourg Commission de Surveillance du Secteur Financier (the "CSSF"), which is the Luxembourg competent authority for the purpose of the Prospectus Directive (as defined herein) and the relevant implementing measures in Luxembourg, as a base prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in Luxembourg for the purpose of giving information with regard to the issue of Notes ("Notes") issued under this €1,500,000,000 Euro Medium Term Note Programme (the "Programme") described in this Base Prospectus during the period of twelve months after the date hereof. By approving this Base Prospectus the CSSF, however, gives no undertaking as to the economic and financial soundness of the transactions contemplated under this Base Prospectus and the quality or solvency of Metso Corporation (the "Issuer", the "Company" or "Metso") in line with the provisions of article 7(7) of the Luxembourg Act dated July 10, 2005 relating to prospectuses for securities (*loi relative aux prospectus pour valeurs mobilières*), as amended.

Application has been made for Notes (other than Non PD Notes (as defined herein)) issued under the Programme during the period of twelve months after the date hereof to be admitted to listing on the official list and admitted to trading on the regulated market (*Bourse de Luxembourg*) of the Luxembourg Stock Exchange. The regulated market of the Luxembourg Stock Exchange (the "**Regulated Market**") is a regulated market for the purposes of the Directive on Markets in Financial Instruments (Directive 2004/39/EC) (the "**MiFID**"). Non PD Notes may be unlisted and/or may be admitted to listing, trading and/or quotation on a market, stock exchange and/or quotation system as may be agreed with the Issuer (in circumstances where the provisions of the Prospectus Directive do not apply).

This Base Prospectus constitutes a Base Prospectus for the purposes of Article 5.4 of the Prospectus Directive.

Factors which could be material for the purposes of assessing the risks associated with the Notes issued under the Programme are set out under "Risk Factors".

**Arranger**  
**CITIGROUP**

**Dealers**

**BNP PARIBAS**  
**COMMERZBANK**  
**HSBC**

**POHJOLA BANK PLC**

**CITIGROUP**  
**DANSKE BANK**  
**NORDEA**

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## IMPORTANT NOTICES

Under this €1,500,000,000 Euro Medium Term Note Programme, the Issuer may from time to time issue Notes denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

No Notes may be issued under the Programme which have a minimum denomination of less than €100,000 (or its equivalent in another currency). Subject thereto, Notes will be issued in such denominations as may be specified in the relevant Final Terms (as defined below), subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed €1,500,000,000 (and, for this purpose, any Notes denominated in another currency shall be translated into euro at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement (as defined under "Subscription and Sale))). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement.

The Notes 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 ongoing basis. References in this Base Prospectus to the "**Relevant Dealer**" shall, in relation to an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all the Dealers agreeing to subscribe for such Notes, or in the case of a syndicated issue of Notes, the lead manager of such issue, as the case may be.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event (in the case of Notes intended to be listed on the Regulated Market of the Luxembourg Stock Exchange) a supplement to the base prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

The requirement to publish a prospectus under the Prospectus Directive only applies to Notes which are to be admitted to trading on a regulated market for the purposes of the MiFID in the European Economic Area and/or offered to the public in the European Economic Area other than in circumstances where an exemption is available under Article 3.2 of the Prospectus Directive (as implemented in the relevant Member State(s)). References in this Base Prospectus to "**Non PD Notes**" are to Notes for which no prospectus is required to be published under the Prospectus Directive. The CSSF has neither approved nor reviewed information contained in this Base Prospectus in connection with Non PD Notes.

This Base Prospectus should be read and construed together with any supplements hereto and with any other documents incorporated by reference herein and, in relation to any Tranche (as defined under "Terms and Conditions of the Notes") of Notes which is the subject of final terms ("**Final Terms**") or, in the case of Non PD Notes, a pricing supplement ("**Pricing Supplement**") or a separate prospectus specific to such Tranche ("**Drawdown Prospectus**"), should be read and construed together with the relevant Final Terms, Pricing Supplement or Drawdown Prospectus. In the case of a Tranche of Notes which is the subject of a Pricing Supplement or a Drawdown Prospectus, each reference in this Base Prospectus to (1) information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Pricing Supplement or Drawdown Prospectus and (2) information being completed by the relevant Final Terms shall be read and construed as a reference to such information being completed, supplemented, amended and/or replaced by the relevant Pricing Supplement or Drawdown Prospectus, unless in each case the context requires otherwise.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated in "Terms and Conditions of the Notes", in which event a Drawdown Prospectus will be made available which will describe the effect of the agreement reached in relation to such Notes. In the case of Non PD Notes, the relevant provisions relating to such Non PD Notes will be included in the applicable Pricing Supplement.

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

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

No representation or warranty is made or implied by the Dealers or any of their respective affiliates and neither the Dealers nor any of their respective affiliates have authorised the whole or any part of this Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus. Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer or the Issuer and its Subsidiaries (as defined under "Terms and Conditions of the Notes") (the "**Group**") since the date thereof or, if later, the date upon which this Base Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

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

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

As of the date of this Base Prospectus, the Programme has been assigned a rating of Baa2 by Moody's Deutschland GmbH ("**Moody's**") and a rating of BBB by Standard & Poor's Credit Market Services Europe Limited ("**Standard & Poor's**"). The Issuer has also been assigned a BBB long-term credit rating and an A-2 short-term corporate credit rating (stable outlook) by Standard & Poor's and a Baa2 long-term credit rating (negative outlook) by Moody's. Moody's and Standard & Poor's are both established in the European Union and registered under Regulation (EC) No. 1060/2009, as amended (the "**CRA Regulation**").

Tranches of Notes that may be issued under the Programme can be rated or unrated. Where a Tranche of Notes issued under the Programme is rated, the applicable rating(s) will be specified in the relevant Final Terms. Such rating will not necessarily be the same as the rating(s) assigned to the Programme, the Issuer or to Notes already issued.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the European Union but is endorsed by a credit rating agency established in the European Union and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the European Union, but which is certified under the CRA Regulation. The European Securities and Markets Authority ("ESMA") is obliged to maintain on its website, [www.esma.europa.eu/page/List-registered-and-certified-CRAs](http://www.esma.europa.eu/page/List-registered-and-certified-CRAs), a list of credit rating agencies registered and certified in accordance with the CRA Regulation. The ESMA website is not incorporated by reference into, nor does it form part of, this Base Prospectus. This list must be updated within five working days of ESMA's adoption of any decision to withdraw the registration of a credit rating agency under the CRA Regulation. Therefore, such list is not conclusive evidence of the status of the relevant rating agency as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

**A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.**

In this Base Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area, references to a "**Relevant Member State**" are to a Member State which has implemented the Prospectus Directive, references to the "**Prospectus Directive**" are to Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State, references to the "**2010 PD Amending Directive**" are to Directive 2010/73/EU, references to "**U.S. dollar**" are to the currency of the United States of America, references to "**Sterling**" and "**£**" are to the currency of the United Kingdom, references to "**Swedish krona**" are to the currency of the Kingdom of Sweden and references to "**€**" and "**euro**" are to the currency introduced at the start of the third stage of European economic and monetary union and as defined in Article 2 of Council Regulation (EC) No. 974/98 of May 3, 1998 on the introduction of the euro, as amended.

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

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

## **RESPONSIBILITY STATEMENT**

The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information.

## OVERVIEW OF THE PROGRAMME

*The following overview of the Programme does not purport to be complete and is qualified in its entirety by the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the relevant Final Terms. Words and expressions defined in "Forms of the Notes" or "Terms and Conditions of the Notes" shall have the same meanings in this overview of the Programme.*

|               |  |
|---------------|--|
| Issuer:       | Metso Corporation  |
| Arranger:     | Citigroup Global Markets Limited   |
| Risk Factors: | Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes are discussed under "Risk Factors". |
| Dealers:      | Citigroup Global Markets Limited<br>BNP Paribas<br>Commerzbank Aktiengesellschaft<br>Danske Bank A/S<br>HSBC Bank plc<br>Nordea Bank Danmark A/S<br>Pohjola Bank plc   |

and any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Notes.

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|---|--|
| Fiscal Agent:   | Citibank, N.A.   |
| Luxembourg Listing Agent:                               | Banque Internationale à Luxembourg, société anonyme  |
| Final Terms, Pricing Supplement or Drawdown Prospectus: | Notes issued under the Programme may be issued either (1) pursuant to this Base Prospectus and associated Final Terms, (2) in the case of Non PD Notes, pursuant to this Base Prospectus and associated Pricing Supplement or (3) pursuant to a Drawdown Prospectus prepared in connection with a particular Tranche of Notes. |

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

For a Tranche of Non PD Notes which is the subject of a Pricing Supplement, that Pricing Supplement will, for the purposes of that Tranche only, complete, supplement, amend and/or replace the Terms and Conditions of the Notes and this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Non PD Notes which is the subject of a Pricing Supplement are the Terms and Conditions of the Notes as completed, supplemented, amended and/or replaced to the extent

described in the relevant Pricing Supplement.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Terms and Conditions of the Notes as completed, supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus.

Admission to Listing and to Trading:

Application has been made to the CSSF for Notes (other than Non PD Notes) issued under the Programme to be admitted to listing on the official list and to trading on the Regulated Market of the Luxembourg Stock Exchange.

Non PD Notes may be unlisted or may be admitted to listing, trading and/or quotation on a market, stock exchange and/or quotation system as may be agreed with the Issuer (in circumstances where the provisions of the Prospectus Directive do not apply).

Clearing Systems:

Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") and/or, in relation to any Tranche of Notes, any other clearing system as may be specified in the relevant Final Terms.

Initial Programme Amount:

Up to €1,500,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.

Issuance in Series:

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

Forms of Notes:

Notes may only be issued in bearer form. Each Tranche of Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Final Terms. Each Global Note will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Final Terms as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons and will, if the principal thereof is repayable by Instalments, have Receipts attached.



|                      |  |
|----------------------|--|
| Currencies:          | Notes may be denominated in any currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements (including the restrictions set out below as at the date of this Base Prospectus). Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated.   |
| Status of the Notes: | Notes will be issued on an unsubordinated basis.   |
| Issue Price:         | Notes may be issued at any price, as specified in the relevant Final Terms. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the Relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.   |
| Maturities:          | <p>Any maturity, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.</p> <p>Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the "FSMA") by the Issuer.</p> |
| Redemption:          | Notes may be redeemable at par or at such other Redemption Amount as may be specified in the relevant Final Terms. Notes may also be redeemable in two or more Instalments on such dates and in such manner as may be specified in the relevant Final Terms.   |
| Optional Redemption: | Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders, or upon the occurrence of a Change of Control Put Event, to the extent (if at all) specified in the relevant Final Terms.  |
| Tax Redemption:      | Except as described in "Optional Redemption" above, early redemption will only be permitted for tax reasons as described in Condition 9(b) ( <i>Redemption and Purchase - Redemption for tax reasons</i> ).  |
| Interest:            | Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.  |
| Denominations:       | No Notes may be issued under the Programme which have a minimum denomination of less than €100,000 (or its   |

equivalent in another currency). Subject thereto, Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. In particular, note the requirements of section 19 of the FSMA in relation to Notes which have a maturity of less than one year under "Redemption" above. Notes may be issued under the Programme in denominations which consist of a minimum Specified Denomination and higher integral multiples of another smaller amount.

Negative Pledge:

The Notes will have the benefit of a negative pledge as described in Condition 5 (*Negative Pledge*).

Cross Default:

The Notes will have the benefit of a cross default as described in Condition 12 (*Events of Default*).

Taxation:

All payments in respect of Notes will be made free and clear of withholding taxes imposed within the Republic of Finland, unless the withholding is required by law. In that event, the Issuer will (subject as provided in Condition 11 (*Taxation*)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.

Governing Law:

The Notes and all non-contractual obligations arising out of or in connection with the Notes will be governed by English law.

Selling Restrictions:

For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material, see "Subscription and Sale".

## **RISK FACTORS**

*Prospective investors should read the entire Base Prospectus. Investing in the Notes involves certain risks. Prospective investors should consider, among other things, the following:*

### **Risks Relating to the Issuer**

#### *Strategic Risks*

##### *Business Development Risks*

Metso's business can be affected by business development risks related to its entry into new markets, ability to maintain its existing local presence globally, business acquisitions, investments and new products and services and it also involves risks related to the Metso brand and reputation. In planning and implementing its business plan, Metso seeks to take into consideration development potential, new products and technological solutions as well as the different life-cycle stages of the Company's products and production plants and those of its customers. An important part of Metso's business development is the utilization of Metso's presence in emerging markets, such as China, India and Brazil. In addition to opportunities, there are also risks related to operating in emerging markets. In emerging markets, the political, economic and legal systems are less predictable than in countries with more developed institutional structures. Various external stakeholders, such as authorities, industrial organizations, research institutes and non-governmental organizations on a national and international level, affect the business environment and the markets in which Metso operates. Operating in emerging countries also includes risks associated with the protection of intellectual property and reputation as an ethical corporation, among others. Ability to manage Metso's global supply chain is crucial to its success.

Business development risks also include risks related to the availability of mergers and acquisitions and Metso's ability to utilize them. The Company seeks to take into account the risks relating to potential mergers and acquisitions through the use of the "Metso Acquisition Process" (MAP) and its thorough due diligence process. Any business to be acquired should meet Metso's strategic and financial criteria. Metso also seeks to take into account the risks related to the business to be acquired, including product liability and environmental responsibility risks as well as reputational and personnel related risks. In addition, the development of personnel competence and the utilization of personnel potential are critical for the development of Metso's business operations and for securing its competitiveness. Ensuring sufficient competence and talent resources globally has a significant effect on Metso's business operations and ability to meet its strategic goals. Therefore, the Company conducts an annual assessment of management resources, mapping out key executives, their possible deputies and successors as well as the need for any new management resources in order to maintain high level of business and leadership capability and to ensure sufficient marketing and sales capability globally. Also, in the emerging markets, recruiting competent employees and committing them to Metso is a challenge inasmuch as there is competition for skilled employees, regardless of the economic cycle. Moreover, the difficulty in finding skilled experts in emerging markets is expected to lead more customers to choose to outsource maintenance and other expert services, which requires Metso to renew and to invest in new competent workforce close to its customers. In addition, due to local legislation, it may be difficult to adjust the number of Metso's personnel to correspond with changes in demand.

While Metso's management believes that the Company's procedures relating to business development, mergers and acquisitions, and management resource evaluations are effective, there can be no assurance that such procedures are successful. Even a detailed review may fail to identify and discover potential liabilities and deficiencies, including legal claims; claims for breach of contract; employment related claims; environmental liabilities, conditions and contamination; the presence of or liability for hazardous materials; tax liabilities; and other liabilities (whether or not contingent), which could result in significant additional costs and liabilities. The success of any merger or acquisition is also dependent on Metso's management's ability to successfully integrate such companies into existing operations. Therefore, any failure in the Company's processes described above could have a material adverse effect on Metso's business, financial condition or results of operations.

##### *Business Environment Risks*

Business cycles in the global economy and in Metso's customer industries influence the demand for the Company's products and services as well as its financial position and the availability of financing in some

of Metso's customer industries and have an impact on Metso's ability to meet its strategic goals. Turbulence in global economic growth particularly in the emerging markets, volatile commodity prices, increased political risks in the Middle East, Eastern Europe and Russia as well as the Ebola epidemic in West Africa have increased the risks relating to Metso's operating environment. Continuing financial uncertainty in the euro zone and other global markets, together with fluctuations in exchange rates as well as tightening financial market regulations, may have an adverse effect on the availability of financing from banks and capital markets. Short-term financing deficits may have an indirect adverse effect on Metso's business operations due to the reduced investment levels of the Company's customers, which could increase Metso's receivables-related risks. Despite this, Metso's management estimates that the business environment in Metso's customer industries will, in the long term, develop favourably as a result of global underlying trends, such as the rise of emerging markets, urbanization, and the increasing importance of environmentally sustainable process solutions. Turbulence in terms of global economic growth and political situations may have an adverse impact on new projects under negotiation or on projects in Metso's order backlog. Some projects may be postponed or they may be suspended or discontinued. In long-term delivery projects, the customer advance payment is typically 10–30 per cent., in addition to which the customer makes payments based on the milestones during the project execution in order to address risks related to projects as well as Metso's need for financing. Metso continuously evaluates its customers' creditworthiness and ability to meet their obligations, and does not, as a rule, provide financing to customer projects.

The operations of Metso's Minerals reporting segment are affected by business cycles in the mining industry. Metso's Minerals reporting segment also depends on developments in the construction industry and particularly on the level of infrastructure investments. Metso's Flow Control reporting segment is affected by business cycles in the energy, oil and gas industry. The Flow Control reporting segment is also affected by the development of the pulp and paper industry.

Metso's management believes that, in the long-term, the effects of business cycles are reduced by the geographical diversity of the Company's operations, by the high proportionate share of the service business and by the range of the customer industries it serves. Metso is actively aiming to grow its service business for which the demand is less affected by the business cycles than the demand for new equipment. Currently, the division of the Company's net sales between services and mining, construction and automation equipment is approximately equal and the global distribution of sales is fairly even between all continents. However, the past performance and cycles of Metso's business should not be considered as an indication of future performance and cycles of Metso's business.

Although Metso has actively striven to reduce the risks presented by business cycles through increasing its process life cycle related operations and long-term cooperation with its customers, as well as by increasing the flexibility of the Company's cost base through outsourcing and focusing its own operations on the assembly and manufacture of core components, there can be no assurance that business cycles would not continue to significantly affect the demand for Metso's products, its business, financial condition or results of operations. A prolonged period of recession in the Company's main industry segments and a decline in its order book could have a more pronounced negative effect on its revenue performance and profitability. For example, the operational environment in mining was challenging in 2014 as declined metal prices forced mining companies to focus on cost efficiency and had a negative impact on investments. Furthermore, shale gas and oil fracking in North America have reshaped the energy market in the U.S. which has impacted heavily on the global oil and gas supply-demand balance, and oil price plummet during the second half of 2014 has tested the economic viability of certain oil projects and the long-term impact of this is difficult to predict. In addition, the aggregates market was impacted by the geopolitical tensions in Russia and Ukraine.

#### *Market Risks*

Metso's business operations are dependent on the Company's ability to maintain its competitive position and market share as well as on the Company's ability to manage and develop customer interface. Changes in the demand of Metso's customer industries affect the Company's operations. Such changes may be related to, for example, general economic conditions, economic cycles, strategy changes in its customer companies, product requirements, or environmental matters. In addition, changes in customer organizational structures as well as Metso's ability to manage its customer relations may affect its operations.

Metso's competitors vary by reporting segment and by product. Metso aims to differentiate itself from its competitors by offering technological know-how that supports sustainability, through local presence and a comprehensive services offering, as well as through long-term commitment to its customers. Metso aims for a competitive advantage through continuous product development based on research and cooperation with its customers. In addition, the Company seeks to operate flexibly and cost- efficiently in an effort to ensure its competitiveness. Metso's goal is to increase its presence in emerging markets, where it estimates the demand for Metso's products and services to grow faster than in developed markets. Metso is also closely monitoring any changes in its competitor field. If the recovery of the global economy is interrupted, the markets for Metso's products may contract, which may lead to tightening price competition. Although the Company's main competitors are still European and North American companies, certain Asian suppliers are providing competitive solutions. New cost-effective players may alter the competitive situation especially in the emerging markets, and a tougher pricing environment may make it harder for Metso to integrate increasing labor costs and raw material costs into its prices. In an effort to secure its competitive position, Metso has adjusted its cost structure, developed its operating models and strived to shift some of the price pressures to its subcontractors. However, changes may occur as a result of bankruptcies, mergers and acquisitions and entry of new participants.

While Metso's management believes that the Company's product and service range will keep pace with developing technologies and changing customer needs, there can be no assurance that new or enhanced products and technologies developed by current or future competitors will not reduce the competitiveness of the Company's products, which could have a material adverse effect on Metso's business, financial condition or results of operations. Furthermore, Metso may see changes in the competitive situation of individual businesses such as the emergence of new, cost-effective competitors operating in the emerging markets and offering mid-market products with lower prices, and this may have an adverse effect on the competitiveness of Metso's products.

#### *Technology Risks*

Metso's technology risks are related to the Company's technological competencies and research and product development as well as management of patents and trademarks. The use of a new technology may temporarily increase the Company's quality-related costs. In research and product development, the Company utilizes its "Metso Innovation Process" (MIP), a project management model in which the Company creates a business plan for the development of a new product or concept. The Company evaluates the profitability of the product or concept at different stages of the development process. In its business plan, the Company defines the responsibilities and roles of all the functions that are involved in developing and launching a particular product (*i.e.*, service, sales, industrial design and marketing) from the very beginning of the development process. The Company also seeks to determine the intellectual property aspects relevant to the product and environmental impact. While Metso's management believes that the Company's procedures relating to research and technology development activities are effective and sufficient in light of its operations and strategy, there can be no assurance that new or enhanced products and technologies will improve its competitiveness or that the Company manages to reduce its quality-related costs as planned, or that these risks, if materialized, would not have a material adverse effect on Metso's business, financial condition or results of operations.

Metso protects the products and intellectual property rights related to its business through patents and trademarks. The importance of the protection of the intellectual property rights has increased due to certain products of Metso's Minerals reporting segment being copied, especially in the emerging markets. There can be no assurance regarding the ultimate effectiveness of Metso's efforts to protect its product and intellectual property rights.

#### *Political, Regulatory, Cultural and Legislative Development*

Metso's operations and its customers' operations are geographically widespread. Political and social unrest, terrorism and armed conflicts in different parts of the world may represent risks to the Company's operations. Metso's operations are also affected by cultural and regulatory factors and by legislation, particularly the environmental legislation of different countries. This poses a challenge for the Company's risk management as it needs to monitor its operations to ensure compliance with applicable health, safety and environment rules and requirements and ensure that they are subject to internal audit programs.

Amendments to the environmental legislation in different countries often take a long time to take effect. Metso monitors laws that are under preparation and makes an effort to anticipate their impact on its own and on its customers' business.

Metso has its own manufacturing and supplier networks in many emerging markets. Metso's management believes that the risks related to these emerging countries are reduced by the wide geographical scope of the Company's operations and its many different customer industries. However, sudden political, economic and/or legislative changes could have a material adverse effect on Metso's business, financial condition or results of operations. For example, China has a significant direct and indirect effect on Metso's net sales and, therefore, any sudden political, economic and/or legislative changes in China could, especially in the short-term, have a material adverse effect on Metso's business, financial condition or results of operations.

#### *Phenomena Related to Climate Change and the Environment*

Stricter energy and environmental legislation around the world requires, for example, the reduction of greenhouse gases, more efficient use of energy and raw materials as well as increases in recycling and in the use of renewable energy sources. The changes in environmental legislation have a significant impact on the business and cost structures of industrial companies.

Metso's management believes that emissions from the Company's own production are within the permit limits set by authorities. When planning its energy needs, Metso seeks to take into account the risks related to climate change. In its research and product development, the Company seeks to take into consideration also potentially rising energy prices and seeks to reduce the energy consumption of its new products, as well as expanding its product portfolio of energy and environmental technology solutions for both existing and new customers. Metso's main tools for environmental management are processes seeking to ensure compliance with environmental legislation, for example, the Company's ISO 14001-compliant environmental systems.

Metso's management believes that environmental requirements are becoming tighter both in emerging markets and developed markets. Stricter environmental legislation can create opportunities to offer Metso's customers new solutions that meet the new tighter requirements, but it can also make it more difficult to sell the products or it can increase Metso's costs.

Although Metso's management is not aware of any current environmental matters that could reasonably be expected to have a material adverse effect on Metso's business, financial condition or results of operations, there can be no assurance that continued compliance with the existing or future environmental laws, and the costs associated therewith, will not have a material adverse effect on Metso's business, financial condition or results of operations.

#### ***Operational Risks***

##### *Organizational and Management Risks*

Organizational and management risks are related to the sufficiency and competence of Metso's personnel as well as its organizational efficiency. Metso continuously assesses the human resources and organizational structures of its businesses. By doing so, the Company aims to ensure organizational efficiency and competence and to avoid related risks, such as misguided recruiting, imbalance in the age structure of its personnel and a high personnel turnover rate. Regarding human resources and organizational structures, the transfer of competence from developed markets to emerging markets, where Metso's operations and resources have grown in recent years, is seen as important in securing operational continuity. In addition, the Company's trainee programs support the transfer of know-how to the Company's new employees and new regions.

Metso aims to anticipate these issues in its successor and recruitment planning and has enhanced awareness of Metso among potential recruits in recent years. Although Metso seeks to take these risks into account, there can be no assurance that the risks related to the human resources and organizational structures, if materialized, will not have a material adverse effect on Metso's business, financial condition or results of operations.

### *Risks Related to Procurement*

The risks associated with raw materials, subcontractor and supplier network and customer relationship management are significant for Metso's operations. As regards to supply network, and in particular in relation to new suppliers, the availability, price, quality and delivery schedule risks are critical for the Company's operations.

Metso's suppliers in its traditional markets in Finland, the United States, Sweden and Germany still form a large part of the Company's procurement. During the past years, the largest increase in Metso's procurement volumes has been in South America and in Asia as Metso's deliveries to its customers in those areas have increased. Metso's management believes that the significance of South America and of Asia will continue to grow due to the focused investments in these areas by its customers. Supply problems related to Metso's raw material suppliers can influence the price and availability of the raw materials used in the Company's products. Thus, raw material procurement costs may increase and delivery lead times lengthen. The slowing of global economic growth has improved the availability of subcontractors' resources. On the other hand, the weakened economic situation could drive Metso's smaller subcontractors into severe difficulties. Some of Metso's customers are also raw material producers, whose ability to operate and invest may be hampered by declining raw material prices. The price and availability of steel and scrap iron can fluctuate and, thus, adversely affect its operations. Changes in raw material and component prices may also affect the value of the Company's inventories. Indirectly, changes in the prices of energy, oil and metals may have a material adverse effect on Metso's business, financial condition or results of operations, if the price fluctuations decrease its customers' willingness to invest.

The direct risks associated with procurement of raw materials and components have increased in recent years because Metso's operations have increasingly focused on outsourcing core components. Furthermore, Metso has outsourced approximately 60 per cent. of its manufacturing and, therefore, supply chain management is highly important to the Company. Metso's new Global Supply Chain organization (together with the Company's legal and risk management functions) ensures that sustainability and compliance issues as well as business interruption risks of supply chains are carefully clarified and settled and constantly monitored. In addition, Metso aims to offset the impact of such interruptions with business interruption insurance and by dividing operations among several production facilities. Outsourcing has also increased the importance of, and the risks related to, suppliers and subcontractors. Metso has no control over these suppliers and subcontractors, and any problems encountered by the suppliers or subcontractors may adversely affect Metso's operations. On short notice, Metso may not be able to find alternative suppliers for some of its subcontractors. Disruptions in the deliveries by the Company's subcontractors can have a negative effect on Metso's own customer relationships and its business.

Although Metso has continued to build a global supplier network and has signed long-term supply contracts and hedges prices when possible in an attempt to limit the purchasing risks related to the availability and pricing of raw materials and components, there can be no assurance that such risks, if materialized, will not have a material adverse effect on Metso's business, financial condition or results of operations.

### *Risks Related to Projects*

Some of Metso's net sales are derived from orders related to projects that typically take many months or even years to complete. These orders can present project-specific risks related to, for example, delivery schedules, equipment start-up, production capacity and end-product quality. In some projects, risks may also arise from new technology included in the deliveries. Contract awards are also affected by events outside Metso's control, such as events affecting the delivery site, prices, demand, general economic conditions, granting of governmental approvals, and securing of project financing. This uncertainty can cause difficulties in matching Metso's fixed costs and predicted order volume. The sales and operating margins realized in a fixed price contract may vary from original estimates as a result of changes in costs, especially fluctuating material costs, and productivity over the term of the contract. In addition, since certain items that Metso supplies are outsourced, Metso may be forced to quote at a fixed price to customers without knowing the costs of the purchased parts. While estimates are made using empirical data and quotes from potential suppliers, these may not always be accurate. While Metso has a long history in executing and delivering projects and procedures to mitigate such risks, there can be no assurance that these risks, if materialized, would not have a material adverse effect on Metso's business, financial condition and results of operations.

Large-scale projects and equipment transactions are subject to the risk that, in the bidding phase, Metso is not able to estimate the upcoming costs accurately enough and specifies the sale price too low. Metso's ability to perform according to the estimates it used when preparing its bid and its ability to execute the project affect the profitability of the project. If Metso is unable to perform the contract in accordance with the estimates it used in preparing its bid, it could have a material adverse effect on Metso's business, financial condition and results of operations.

#### *Production, Process and Productivity Risks*

Production, process and productivity risks range from risks related to Metso's production, sales, marketing, inventory, innovation, delivery and process activities to risks related to environmental risk management, customer relationship work and efficiency and follow-up issues. Metso seeks to ensure productivity, for example, by ensuring the performance of its entire supply chain and by focusing on issues in the Company's operations that are most critical in terms of Metso's competitiveness. Efficient sales management and a comprehensive sales network are prerequisites for successful sales operations. Metso is continuously developing its operations in both emerging markets and developed markets by consolidating its procurement to the most competitive suppliers, and Metso is developing those parts of the value chain that are close to its customers. A competitive cost structure requires also the continuous development of resources and adjustment of costs to correspond with demand and the competitive situation. Metso seeks to improve production safety and productivity by applying ISO 9001 quality management typical for companies operating in comparable industries and ISO 14001 environmental management systems or similar processes in its most important production units.

#### *Product Liability Risks*

Metso is, from time to time, involved in product liability claims that are typical for companies operating in the industry. The possible risks related to any claims for compensation based on product liability are covered by an insurance policy with coverage of up to €150 million per year, subject to applicable insurance terms and conditions. Metso aims to reduce product liability risks through its sales contract terms, start-up training for customers, comprehensive instruction manuals and investments in product safety development and automation. Although Metso's management believes that the Company's current insurance coverage is adequate to cover its potential product liability risks, the Company may be liable for damages beyond those covered by its insurance, which could have a material adverse effect on its business, financial condition or results of operations.

#### *Profitability Risks*

One of Metso's key targets is to conduct profitable business. However, in large-scale projects and equipment transactions, the Company is subject to the risk that it fails to estimate the actual costs of a transaction accurately at the offer stage, and, therefore, may be unable to determine the appropriate transaction price or to assess whether the market price level or the Company's cost competitiveness are sufficient for a profitable transaction.

To manage risks related to pricing, Metso applies various quality systems, operating guidelines and profitability analyses that take into account the key factors of the particular transaction. In project and product pricing, the Company also uses internal approval procedures in which pricing authorizations are linked to the value of the transaction and to any special risks. Furthermore, Metso continuously monitors the Company's production costs and in particular costs relating to new technologies in order to avoid cost overruns and causing unexpected quality related costs. Changes in labor costs and the prices of raw materials may also affect Metso's ability to conduct profitable business. The Company monitors changes in labor costs and in the prices of raw materials and components in order to avoid possible effects on profitability. Furthermore, Metso seeks to off-set the continuing wage inflation by increasing the Company's productivity and price discipline. However, competition in some product categories may make it difficult for the Company to pass the cost increases to product prices. On the other hand, some of Metso's customers are raw material producers and their ability to invest and operate may be enhanced by strengthening raw material prices and weakened by declining raw material prices. Also strong currency exchange changes may have an adverse effect on Metso's project profitability, although Metso's management believes that the wide geographical scope of the Company's operations decreases the impact of any individual currency. Metso hedges the currency exposure which arises from firm delivery and purchase agreements, but there can be no certainty that such hedges mitigate the risk as anticipated.



While Metso's management believes that the Company's procedures to mitigate such risks are adequate, there can be no assurance that these risks will not have a material adverse effect on Metso's business, financial condition or results of operations.

#### *Information Security Risks*

Metso's operations are dependent on external, internal and embedded information technology services and solutions. The Company aims to use reliable information technology solutions and information security management to avoid interruptions in service, information security risks, exposure to data loss or compromising the reliability or usability of information. Significant interruptions in the global availability of services or compromising the confidentiality of business-critical information could have a material adverse effect on Metso's business, financial condition or results of operations.

#### *Compliance and Crime Related Risks*

Metso aims to operate in compliance with laws and regulations but illegal activities, such as fraud, misconduct or criminal acts, can present a risk for the Company. To prevent illegal activities, Metso's values and ethical code of conduct have been a focus area in its personnel training. Internal guidelines and training, audits and other practical tools are intended to reduce Metso's exposure to these risks. One of the practical tools is a reporting channel that enables anonymous reporting of financial misconduct directly to Metso's management via the Company's Intranet, email or telephone. Even though Metso's management considers the potential risks of illegal activity to be limited, this kind of activity could undermine the Company's reputation and have a material adverse effect on its business, financial condition or results of operations.

#### *Project Activity Risks*

Large project deliveries can present project-specific risks related to, for example, delivery schedules, equipment start-up, production capacity and end-product quality. In some projects, risks may also arise from new technology included in the deliveries. When making contracts, Metso aims to proactively limit projects risks. Therefore, the risks of individual projects do not generally become significant in light of the entire scope of Metso's business. Metso manages risks related to the project implementation schedules and possible cancellations with advance payments. In long-term delivery projects initial customer down payments are typically 10-30 per cent. of the value of the project in addition to which the customer makes progress payments during the execution of the project. Large-scale projects and equipment transactions are subject to the risk that Metso fails to estimate the actual costs of the transaction accurately enough at the offer stage in order to determine the appropriate transaction price. While Metso's management believes that the Company's procedures to control such risks are adequate, there can be no assurance that these risks, if materialized, will not have a material adverse effect on Metso's business, financial condition or results of operations.

#### *Crisis Situations*

Metso has a flexible crisis and hazard management organization and the Company aims to develop more proactive, available, faster, and higher-quality crisis management capabilities. The primary goal of the Company's crisis management is to secure the safety of the people involved. Because Metso's own resources are limited and potential global catastrophes can exceed the Company's ability to respond effectively enough to a threat, Metso uses the services of external crisis management specialists that assist Metso in preparing for crisis situations. Nevertheless, certain crisis situations, such as natural disasters, could have a material adverse effect on the Company's personnel, as well as its business operations, financial condition or results of operations.

#### *Hazard Risks*

Hazard risks include occupational health and safety-related risks, personnel security risks, environmental, fire and other catastrophe risks, natural phenomenon risks and premise security risks. Metso has taken precautions against hazard risks through occupational health and safety guidelines, certification principles, travel safety guidelines, rescue planning and premises and information management security instructions. Metso has also sought to prepare for the materialization of hazard risks in Metso's insurance coverage. Metso has reviewed the insurance coverage of the Company's Global Insurance Programs and evaluates the insurance cover needs continually to ensure the sufficiency of limits as well as the quality of

terms and conditions in the insurance programs. However, the occurrence of any of these risks could delay production, increase production costs and result in death or injury to employees, damage to property and liability for Metso as well as significantly harm Metso's reputation. Although the Company has estimated that hazard risks are limited in light of its entire business scope, there can be no assurance that these risks, if materialized, would not have a material adverse effect on Metso's business, financial condition or results of operations.

## ***Financial Risks***

### ***Liquidity and Refinancing Risks***

Liquidity or refinancing risk arises when Metso is not able to arrange funding at terms and conditions corresponding to its creditworthiness. Metso uses cash, short-term investments and committed and non-committed credit facilities to protect its short-term liquidity. In addition, the Company seeks funding from a number of financial institutions in order to diversify its funding base and maintain its liquidity.

The levels of net working capital and the amount of capital expenditure have a fundamental effect on the adequacy of financing. Although the Company has developed its net working capital management practices and information systems, there is a risk that working capital will start to grow especially when economic activity picks up. However, Metso has no large-scale investment schemes underway, and Metso's management estimates that the Company is well positioned to keep its capital expenditure at the level of total amortization and depreciation.

On April 8, 2014, Standard & Poor's affirmed Metso's BBB long-term credit rating, A-2 short-term corporate credit rating and the outlook of these ratings as stable. On October 30, 2014, Moody's confirmed Metso's existing Baa2 long-term credit rating and the outlook of the rating as stable. Adverse developments in the credit markets as well as possible future adverse developments, such as possible new disruption of the financial markets and a worsening of general economic conditions, may negatively impact Metso's ability to raise additional debt as well as the amount and terms of the debt it is able to raise. Liquidity could be adversely affected if Metso is forced to repay all or most of its maturing debt from available cash or through the use of its existing liquidity facilities. In addition, Metso's results of operations may be adversely affected to the extent terms of the debt Metso is able to raise are less favourable than the terms of the debt being refinanced.

Securing the continuity of Metso's operations requires sufficient funding under all circumstances. Any further adverse developments, such as deterioration in the financial markets and a worsening of general economic conditions may have adverse effects on the availability of debt financing to Metso and/or may increase the costs related to it. Metso's management estimates that Metso's cash assets and available credit facilities are sufficient to secure short-term liquidity. As of December 31, 2014, Metso's cash assets were €292 million and committed credit facilities available for withdrawal were €500 million. The Macaulay Duration of Metso's long-term debt was 2.5 years on December 31, 2014. None of Metso's loans have covenants that could trigger a premature repayment on the basis of changes in credit ratings however, in certain of its debt facilities, reduction of credit ratings will result in certain financial covenants becoming applicable. Some of Metso's debt facilities include financial covenants related to capital structure and currently Metso's management considers its flexibility in relation to these covenants to be adequate.

Metso seeks to manage risks related to the availability and cost of financing by diversifying funding sources between money and capital markets and bank funding. The Company manages its refinancing risk by balancing the proportion of short-term and long-term debt as well as the average remaining maturity of long-term debt. The Company manages its capital structure to protect its ongoing business operations and optimize its cost of capital.

### ***Interest Rate Risks***

Changes in market interest rates and interest margins may affect Metso's financing costs, returns on financial investments and market valuation of interest-bearing balance sheet items. The Company manages interest rate risks through balancing the ratio between fixed and floating interest rates and the duration of debt and investment portfolios. Additionally, Metso may manage risks arising from interest-bearing assets and liabilities through the use of derivative instruments, such as forward rate agreements, swaps, options and futures contracts.

Although Metso's management believes that the measures the Company has taken to limit its exposure to interest rate risks are currently adequate, there can be no assurance that interest rate fluctuations will not have a material adverse effect on Metso's business, financial condition or results of operations.

#### *Foreign Exchange Risks*

Metso operates globally and is exposed to foreign exchange risk in several currencies, although the geographical diversity of the Company's operations decreases the significance of any individual currency. Over 80 per cent. of Metso's net sales originate from outside the euro zone. The Company's main currencies are the U.S. dollar, the euro, the Brazilian real, the Chinese yuan, the Australian dollar and the Chilean Peso.

The principal forms of risks associated with exchange rate fluctuations include transaction exposure and translation (equity) exposure. Foreign exchange transaction exposure arises when a business unit of the Company engages in commercial or financial transactions and makes payments in currencies other than its own functional currency, and when related cash inflow and outflow amounts are not equal or concurrent.

In accordance with the Company's treasury policy, its business units are required to hedge in full the foreign currency exposures that arise from firm sale and purchase commitments. The Company hedges future cash flows denominated in a currency other than the functional currency of the business unit with internal foreign exchange contracts with the Company's corporate treasury for periods that generally do not exceed two years. Metso's operating units also hedge directly with banks in countries where regulation does not allow corporate internal cross-border contracts. Metso has operations in countries in which currency regulation affects the hedging of risks, the most important of these being Brazil and China.

The Company's corporate treasury monitors the net position of each currency and determines the extent to which a currency position is to be closed. The corporate treasury has set maximum limits on the open currency exposures that it manages, calculated on the basis of their potential profit impact. To manage the Company's foreign currency exposure, the corporate treasury may use forward exchange contracts, foreign exchange swaps and options.

Foreign exchange translation exposure, on the other hand, arises when the equity of a subsidiary is denominated in a currency other than the functional currency of its respective parent company. Metso's main foreign exchange translation exposures are in the U.S. dollar, the Brazilian real, the Chilean Peso and the Chinese yuan renminbi, which comprise approximately 60 per cent. of the Company's total equity exposure. Due to Metso's group structure, this exposure may lead to translation differences in the Company's consolidated equity. Metso may hedge these risks with respect to currencies to its operations and uses foreign currency loans and forward exchange contracts as hedging instruments. Metso is currently not hedging any foreign exchange translation exposure.

Although Metso's management believes that the measures it has taken to hedge the Company exposure to exchange rate fluctuations are currently adequate, there can be no assurance that exchange rate fluctuations would not have a material adverse effect on Metso's business, financial condition or results of operations.

Uncertainty in the economy is likely to increase exchange rate fluctuations. Exchange rate fluctuations may also weaken the cost competitiveness of Metso's products as compared to its competitors' products that are manufactured in other currency areas.

#### *Commodity Risks*

Metso is exposed to variations in prices of raw materials and of supplies, including energy. Metso's business units identify their commodity price hedging needs and the Company's corporate treasury executes hedges using approved counterparties and instruments. The Company has defined and approved separate hedging limits for commodity risks. The Company conducts hedging on a rolling basis with a declining hedging level over time.

Metso has hedged the electricity exposure in its Nordic business units with electricity forwards and fixed price physical contracts, which are designated as hedges of highly probable future electricity purchases. Hedging is focused on the estimated energy consumption for the two years with some contracts extended

to approximately five years. The execution of electricity hedging has been outsourced to an external broker. Metso has entered into average-price swap agreements for nickel to reduce its exposure to the volatility caused by the surcharge for certain metal alloys ("**Alloy Adjustment Factor**") comprised in the price of stainless steel charged by its suppliers. The Alloy Adjustment Factor is based on monthly average prices of its components, of which nickel is the most significant. Metso does not currently manage any other commodity risks by using financial derivative instruments.

Although Metso's management believes that the measures the Company has taken to limit its exposure to variations in the prices of raw materials and supplies are currently adequate, there can be no assurance that commodity price fluctuations would not have a material adverse effect on Metso's business, financial condition or results of operations.

#### *Credit and Counterparty Risks*

Credit or counterparty risk arises when a customer or a financial counterparty is not fulfilling its commitments towards Metso. Metso's business units are primarily responsible for controlling credit risks pertaining to their sales and procurement activities. The units assess the credit quality of their customers, taking into account their financial position, the Company's past experience with the customers and other relevant factors. The Company's corporate treasury provides centralized services related to customer financing and seeks to ensure compliance with the principles of the Company's treasury policy with respect to terms of payment and the required collateral. Metso has incurred credit loss related to a long-term loan it has granted to the Company's customer Northland Resources ("**Northland**"). However, financing Northland was an exception as Metso does not normally participate in the financing of its customers.

Metso has agreed on extended payment terms with selected customers. When granting credit arrangements, the Company seeks to assess the creditworthiness of the customer and the timing of the cash flows expected under the arrangements. The Company may also use advance payments, letter of credits and third party guarantees to mitigate the credit risks. However, if the actual financial position of the Company's customers or the general economic situation differs from the expectations, Metso may have to reassess the ultimate collectability of its trade receivables. This could result in a write-off of these balances in future periods and could have a material adverse effect on Metso's business, financial condition or results of operations.

Metso's ability to manage its trade receivables exposure, customer financing, risk concentrations and financial counterparty-related risks depends on a number of factors, including the Company's capital structure, market conditions affecting the Company's counterparties, and its ability to mitigate exposure with acceptable terms. Risks related to individual customers or other counterparties are generally not significant compared to the magnitude of the Company's business. The Company seeks to reduce customer risks through precise sales contracts, payment terms and collateral, as well as by effective bid/quotation control procedures.

Counterparty risk arises also from financial transactions agreed upon with banks, financial institutions and corporates. Metso manages this risk through careful selection of banks and other counterparties, by setting counterparty-specific limits and through entering into netting agreements. Metso has set counterparty limits in accordance with credit rating criteria defined in the Company's treasury policy and approved by its Board of Directors. Metso regularly monitors compliance with counterparty limits.

However, there can be no assurance that Metso will be successful in managing the risks connected with its trade receivables exposure, customer financing, risk concentrations and financial counterparties, and a failure to do so could have a material adverse effect on Metso's business, financial condition or results of operations.

#### *Metso and Valmet Remain Jointly Liable for Certain Obligations after the Demerger*

On October 1, 2013, the Extraordinary General Meeting of Shareholders of Metso decided that Metso will demerge through a partial demerger in such manner that all (including known, unknown and conditional) assets, debts and liabilities relating to Metso's Pulp, Paper and Power business (together the "**PPP Business**") (the "**Demerger**") existing on the registration date of the completion of the Demerger, shall transfer to Valmet.

Pursuant to the Finnish Companies Act (624/2006, as amended) (the "**Finnish Companies Act**"), all companies participating in a demerger are jointly liable for the debts of the demerging company that have arisen prior to the registration of the completion of the demerger. Pursuant to the secondary demerger liability, the liability of a participating company for debts that have in the demerger plan been allocated to another participating company is limited to a total amount equal to the value of the net assets received by the first mentioned participating company in the demerger. A demand for payment based on secondary demerger liability can be made only after it has been established that payment will not be received from the participating company to which such debt was allocated in the demerger plan or out of the proceeds of security posted for the relevant debt, all as set out in the Finnish Companies Act.

In case Valmet would, according to the demerger plan, be liable for a debt which existed prior to the completion of the Demerger and could not repay such debt, Metso would be jointly liable for fulfilling such debt on the basis of the secondary demerger liability. In connection with the Demerger, Metso's bank lenders and bond holders have waived their rights relating to the secondary demerger liability against Metso.

### ***Other Key Risks***

#### *Internal Controls*

Effective internal controls are necessary for Metso to provide reliable financial reports and to prevent fraud. If Metso cannot provide reliable financial reports or prevent fraud, the Company's financial results, reputation, access to financing and its share price could be negatively affected. Inadequate internal controls could cause investors to lose confidence in the financial information the Company reports which could, in turn, have a negative effect on the market price of the Company's shares and other securities.

#### *Impact of the Largest Shareholders*

Metso's largest shareholders can have a significant impact on matters voted on in the Company's Annual General Meeting of shareholders. To the knowledge of Metso's management, as at the date of this Base Prospectus, the persons or entities owning more than five per cent. of the Company's share capital are Cevian Capital Partners Ltd. (13.8 per cent.) and Solidium Oy ("**Solidium**"), a company which is 100 per cent. owned by the Finnish State (12.1 per cent.). The interests of Metso's largest shareholders may not necessarily be aligned with the interests of the Company's other shareholders. Significant matters to be voted on in the Company's Annual General Meeting of shareholders include approval of the financial statements, releasing management from liability, deciding on the use of distributable funds and payment of dividends, capital increases, amendments to the Company's Articles of Association as well as electing members to its Board of Directors and its auditors.

#### *Distribution of Dividends*

Whilst according to the Company's Board of Directors' established dividend policy Metso aims to distribute an annual dividend of at least 50 per cent. of earnings per share to the Company's shareholders, the amount of future dividend payments, if any, depends on a number of factors, such as Metso's financial condition and capital needs. Ultimately, the distribution of dividends is dependent on the amount of distributable funds in the most recent approved financial statements, the Company's liquidity and the resolution of the Annual General Meeting of its shareholders on the distribution of dividends. In accordance with the Finnish Companies Act and the prevailing practice in Finland, dividends of a Finnish company have generally been paid only annually, and dividends may only be paid after the Annual General Meeting of its shareholders has approved the Company's financial statements and decided upon the amount of the dividend, if any, proposed by the Company's Board of Directors.

#### *Goodwill*

As of December 31, 2014, Metso's balance sheet included €461 million of goodwill and it constituted 38 per cent. of Metso's total equity. The carrying value of goodwill is tested annually or more frequently if events or changes in circumstances indicate that such carrying value may not be recoverable. Triggering events for impairment reviews includes, for example, material permanent deterioration in the economic or political environment of the customers' or of Metso's own activity, significant under performance relative to historical or projected future performance and significant changes in Metso's strategic orientation affecting its business plans and previous investment policies.

Impairment testing is based on a number of estimates. The valuation of goodwill is inherently judgmental and highly susceptible to change from period to period because it requires Metso to make assumptions about future supply and demand related to its individual business lines, future sales prices and achievable cost savings. Although Metso has not recorded any impairment of goodwill since the year ended December 31, 2006, there can be no assurance that it will not be required to record impairments in the value of goodwill in the future. This could have a material effect on Metso's business, financial condition or results of operations.

## **Risks Relating to the Notes and the Trading Market**

### ***Dependence on Payments from Subsidiaries to Fund Payments on the Notes***

Metso is a holding company and a substantial part of its operations is conducted through subsidiaries. Consequently, Metso will be dependent on dividends and other payments from its subsidiaries to make payments on the Notes. Investors in the Notes will not have any direct claim on the cash flows or assets of Metso's subsidiaries, and such operating subsidiaries have no obligation, contingent or otherwise, to pay amounts due under the Notes or to make funds available to Metso for these payments. The ability of such subsidiaries to make dividends and other payments to Metso will depend on their cash flows and earnings which, in turn, will be affected by all of the factors discussed in these "Risk Factors". In addition, such subsidiaries may not be able to pay dividends due to legal or contractual restrictions. Consequently, if amounts that Metso receives from their subsidiaries are not sufficient, Metso may not be able to service its obligations under the Notes.

### ***Structural Subordination***

A significant amount of Metso's assets are held, and revenue generated by subsidiary companies. In general, claims of a subsidiary's creditors, including secured and unsecured creditors, for indebtedness incurred, and against any guarantee issued, by such subsidiary, will have priority with respect to the assets of that subsidiary over the claims of creditors of its parent company, except to the extent that such parent company is also a valid creditor of that subsidiary under the laws of the relevant jurisdiction.

### ***The Notes May Not Be a Suitable Investment for all Investors***

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

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

***A Wide Range of Notes May be Issued Under the Programme. A Number of These Notes May Have Features which Contain Particular Risks for Potential Investors.***

Set out below is a description of the most common such features:

*Notes with Change of Control Put Option:* Exercise of an applicable Change of Control Put Option may affect the liquidity of Notes in respect of which such option is not exercised. Depending on the number of Notes in respect of which the Change of Control Put Option is exercised, any trading market for the Notes in respect of which such Change of Control Put Option is not exercised may become illiquid. In addition, investors may only be able to reinvest the moneys they receive upon such early redemption in securities with a lower yield than the redeemed Notes.

*Notes subject to optional redemption by Metso:* An optional redemption feature of notes is likely to limit their market value. During any period when Metso may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

Metso may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

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

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

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

***Noteholders May Be Bound by the Decision of Other Holders***

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined percentages of Noteholders to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a contrary manner.

***Notes with Integral Multiples***

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of the Specified Denomination that are not integral multiples of that Specified Denomination. Should Definitive Notes be printed, Noteholders who, as a result of trading such amounts, hold a principal amount of Notes other than a multiple of the minimum Specified Denomination will receive Definitive Notes in respect of their holding (provided that the aggregate amount of Notes they hold is in excess of the minimum Specified Denomination), however, any such Definitive Notes which are printed in denominations other than the minimum Specified Denomination may be illiquid and difficult to trade. Furthermore, a Noteholder who, as a result of trading such amounts, holds a principal

amount of Notes less than the minimum Specified Denomination may not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

### ***The Lack of a Public Market***

There may not be an existing market for the Notes. The Notes are expected to be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange. However, there can be no assurance that a liquid market will develop for the Notes, that holders of the Notes will be able to sell their Notes or that such holders will be able to sell their Notes for a price that reflects their value.

### ***Credit Ratings May Not Reflect All Risks and May Affect the Trading Price of the Notes***

As of the date of this Base Prospectus, the Programme has been assigned a rating of Baa2 by Moody's and a rating of BBB by Standard & Poor's. The Issuer has also been assigned a BBB long-term credit rating and an A-2 short-term corporate credit rating (stable outlook) by Standard & Poor's and a Baa2 long-term credit rating (stable outlook) by Moody's.

Tranches of Notes that may be issued under the Programme can be rated or unrated. Where a Tranche of Notes issued under the Programme is rated, the applicable rating(s) will be specified in the relevant Final Terms. Such rating will not necessarily be the same as the rating(s) assigned to the Programme, the Issuer or to Notes already issued. One or more independent credit rating agencies may also assign credit ratings to the Notes.

Such ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of any Tranche of Notes. In addition, any negative change in the credit rating of Metso could adversely affect the trading price of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

### ***FATCA***

The United States has enacted rules, commonly referred to as "FATCA," that generally impose a new reporting and withholding regime with respect to certain U.S. source payments (including dividends and interest), gross proceeds from the disposition of property that can produce U.S. source interest and dividends and certain payments made by entities that are classified as financial institutions under FATCA. The United States and Finland entered into an intergovernmental agreement to implement FATCA (the "Finland IGA"). Under the Finland IGA, as currently drafted, we do not expect the Issuer to be required to withhold amounts on payments it makes under FATCA. However, significant aspects of whether or how FATCA will apply remain unclear, and no assurance can be given that withholding under FATCA will not become relevant with respect to payments made by the Issuer in the future. Prospective investors should consult their own tax advisors regarding the potential impact of FATCA.

### ***Risks related to Non PD Notes***

*An active secondary market in respect of the Non PD Notes may never be established or may be illiquid, which would adversely affect the value at which an investor could sell its Non PD Notes*

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



The Issuer may, but is not obliged to, list an issue of Non PD Notes on a stock exchange. If Non PD Notes are not listed or traded on any exchange, pricing information for the relevant Non PD Notes may be more difficult to obtain and the liquidity of such Non PD Notes may be adversely affected.

*The secondary market price of any Non PD Notes immediately following their issue may be less than the issue price*

If Non PD Notes are not listed or admitted to trading on a regulated market, they may be traded on trading systems governed by the laws and regulations in force from time to time (e.g., multilateral trading systems or "MTF") or in other trading systems (e.g., bilateral systems, or equivalent trading systems). Trading in such Non PD Notes may take place outside the above-mentioned trading systems, with possible risks as to the transparency of the determination of prices. Investors should note that the Issuer does not grant any warranty to Noteholders as to the methodologies used to determine the price of Non PD Notes which are traded outside a trading system, however, where the Issuer or any of their affiliates determine the price of such Non PD Notes, they will take into account the market parameters applicable at such time in accordance with applicable provisions of law.

The Issuer and any relevant Dealer may, but is not obliged to, at any time purchase Non PD Notes at any price in the open market or by tender or private treaty. Any Non PD Notes so purchased may be held or resold or surrendered for cancellation. Any relevant Dealer may, but is not obliged to, be a market maker for an issue of Non PD Notes. Even if a relevant Dealer is a market-maker for an issue of Non PD Notes, the secondary market for such Non PD Notes may be limited and there is no assurance given as to the price offered by a secondary market-maker or the impact of any such quoted prices on those available in the wider market. To the extent that an issue of Non PD Notes becomes illiquid, an investor may have to hold the relevant Non PD Notes until maturity before it is able to realise value.

In the case of unlisted Non PD Notes (i) subject to optional redemption by the Issuer and (ii) where principal or interest is determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors ("**Unlisted Callable Structured Notes**"), the Issuer may from time to time publish on a screen page of a commercial quotation service or on such other basis as it may advise the relevant Dealer(s) an indication of the charges it may apply on any purchase by it of such Unlisted Callable Structured Notes.

Any such publication is in the Issuer's sole and absolute discretion and the Issuer may subsequently change any indicative charge so published or cease such publication at any time and for any reason. No such publication will constitute an offer to buy or a solicitation of an offer to sell any Unlisted Callable Structured Notes or represent any undertaking or other commitment by the Issuer to purchase any Unlisted Callable Structured Notes and any actual charge applied by the Issuer on any purchase of Unlisted Callable Structured Notes by it may be greater or less than any indicative charge published. The Issuer will not at any time purchase any Unlisted Callable Structured Non PD Notes from any Noteholder in any jurisdiction in which such purchase is unlawful and the Issuer may decide not to purchase Unlisted Callable Structured Notes at any time and for any reason.

Any charge the Issuer may apply on any purchase of Unlisted Callable Structured Notes will be only one of the relevant considerations in determining the purchase price of the relevant Unlisted Callable Structured Notes and other relevant factors may include, without limitation, the weighted average life of the Unlisted Callable Structured Notes and the cost to the Issuer of unwinding any underlying and/or related hedging and funding arrangements. The determination of such factors and any price at which the Issuer may purchase any Unlisted Callable Structured Notes will be in the sole and absolute discretion of the Issuer.

Investors should note that a secondary market may be affected by both legal restrictions in certain jurisdictions and by the Issuer and/or any relevant Dealer purchasing or holding Non PD Notes.

## DOCUMENTS INCORPORATED BY REFERENCE

The audited consolidated and unconsolidated annual financial statements, together with the accompanying notes and auditor's reports of Ernst & Young Oy of the Issuer for the years ended December 31, 2013 and 2014 shall be deemed to be incorporated by reference in, and to form part of, this Base Prospectus save that any statement contained in this Base Prospectus or in any of the documents incorporated by reference in, and forming part of, this Base Prospectus shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any document subsequently incorporated by reference modifies or supersedes such statement.

The Issuer will, at the specified offices of the Paying Agents (as defined under "Terms and Conditions of the Notes"), provide, free of charge, upon oral or written request, a copy of this Base Prospectus (or any document incorporated by reference in this Base Prospectus). Written or oral requests for such documents should be directed to the registered office of the Issuer. Such documents will also be available to view on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

The following documents shall be incorporated by reference into, and form part of, this Base Prospectus:

| <i>Document and Section Incorporated</i>   | <i>Page Reference</i> |
|--|-----------------------|
| <b>Financial Statements 2014</b>   |                       |
| – Consolidated financial statements (prepared in accordance with IFRS as adopted by the European Union) for the year ended December 31, 2014, and comparison 2013 IFRS figures | 1-65                  |
| – Consolidated Statements of Income  | 9                     |
| – Consolidated Statement of Comprehensive Income   | 9                     |
| – Consolidated Balance Sheets  | 10-11                 |
| – Consolidated Statements of Cash Flows  | 12                    |
| – Consolidated Statements of Changes in Shareholders' Equity   | 13                    |
| – Notes to the Consolidated Financial Statements   | 14-65                 |
| – Auditor's Report   | 70                    |
| <b>Financial Statements 2013</b>   |                       |
| – Consolidated financial statements (prepared in accordance with IFRS as adopted by the European Union) for the year ended December 31, 2013, and comparison 2012 IFRS figures | 1-69                  |
| – Consolidated Statements of Income  | 9                     |
| – Consolidated Statement of Comprehensive Income   | 9                     |
| – Consolidated Balance Sheets  | 10-11                 |
| – Consolidated Statements of Cash Flows  | 12                    |
| – Consolidated Statements of Changes in Shareholders' Equity   | 13                    |
| – Notes to the Consolidated Financial Statements   | 14-69                 |
| – Auditor's Report   | 74                    |

| <i>Document and Section Incorporated</i>                                 | <i>Page Reference</i> |
|--|-----------------------|
| <b>Base Prospectus dated April 12, 2010 in relation to the Programme</b> |                       |
| – Terms and Conditions of the Notes                                      | 29-47                 |
| <b>Base Prospectus dated April 1, 2011 in relation to the Programme</b>  |                       |
| – Terms and Conditions of the Notes                                      | 29-47                 |
| <b>Base Prospectus dated April 4, 2012 in relation to the Programme</b>  |                       |
| – Terms and Conditions of the Notes                                      | 31-52                 |
| <b>Base Prospectus dated March 28, 2014 in relation to the Programme</b> |                       |
| – Terms and Conditions of the Notes                                      | 34-57                 |

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

## **USE OF PROCEEDS**

The net proceeds of the issue of each Tranche of Notes will be applied by the Issuer to meet part of its general financing requirements.

## **SUPPLEMENT TO THE BASE PROSPECTUS**

If at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Base Prospectus which is capable of affecting the assessment of any Notes whose inclusion would reasonably be required by investors 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 Notes, the Issuer will prepare a supplement to this Base Prospectus or publish a replacement Base Prospectus in connection with any subsequent offering of the Notes.

## **GENERAL DESCRIPTION OF THE PROGRAMME**

This Programme is a €1,500,000,000 Euro Medium Term Note Programme under which the Issuer may from time to time issue Notes in accordance with and subject to all applicable laws and regulations and denominated in any currency, subject as set out herein. The applicable terms of any Notes will be agreed between the Issuer and the Relevant Dealer or Dealers prior to the issue of the Notes and will be set out in the relevant Terms and Conditions of the Notes for the Notes, as completed by the relevant Final Terms attached to, or endorsed on, such Notes, as more fully described under "Forms of the Notes".

## FORMS OF THE NOTES

Each Tranche of Notes will initially be in the form of either a temporary global note (the "**Temporary Global Note**"), without interest coupons or principal receipts, or a permanent global note (the "**Permanent Global Note**"), without interest coupons or principal receipts, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "**Global Note**") will be deposited on or around the issue date of the relevant Tranche of the Notes with Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

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

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

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

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

- (i) presentation and (in the case of final exchange) surrender of the Temporary Global Note at the specified office of the Fiscal Agent; and
- (ii) receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership, within seven days of the bearer requesting such exchange.

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

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

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 12 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons, Receipts and – if, at the time of exchange into definitive form, more than 27 coupon payments are left – Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note at the specified office of the Fiscal Agent within 30 days of the bearer requesting such exchange.

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

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

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

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons, Receipts and – if, at the time of exchange into definitive form, more than 27 coupon payments are left – Talons attached (if so specified in the relevant Final Terms), in the case of an exchange in whole, in an aggregate principal amount equal to the principal amount of the Temporary Global Note or, in the case of a partial exchange, in an aggregate principal amount equal to the principal amount of the Temporary Global Note being so exchanged, to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note at the specified office of the Fiscal Agent within 30 days of the bearer requesting such exchange.

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

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

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 12 (*Events of Default*) occurs.

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

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

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under "Terms and Conditions of the Notes" and the provisions of the relevant Final Terms which complete those terms and conditions.

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

### **Denominations of Definitive Notes**

The Notes issued under the Programme will have minimum authorised denominations of €100,000 (or its equivalent in another currency). Subject thereto and if so specified in the relevant Final Terms, the Notes may be issued in denominations consisting of a minimum Specified Denomination and higher integral multiples of another smaller amount (each an "**Integral**



**Multiple**"). If circumstances arise where Definitive Notes need to be issued in respect of such Notes, they will be issued in denominations of the minimum Specified Denomination and in Integral Multiples in excess thereof up to and including an amount in the Specified Currency which shall be equal to two times the minimum Specified Denomination less the Integral Multiple (the "**Definitive Amount**"). No Definitive Notes will be issued with a denomination above the Definitive Amount.

**Legend concerning United States persons**

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

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

The sections referred to in such legend provide that a United States person who holds a Note, Coupon, Receipt or Talon will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Note, Coupon, Receipt 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.

## TERMS AND CONDITIONS OF THE NOTES

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

### 1. Introduction

- (a) *Programme:* Metso Corporation (the "**Issuer**") has established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to €1,500,000,000 in aggregate principal amount of notes (the "**Notes**").
- (b) *Series:* Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes.
- (c) *Final Terms, Pricing Supplement or Drawdown Prospectus:* The terms and conditions applicable to any particular Tranche of Notes are these terms and conditions (the "**Conditions**"), as completed by a document specific to such Tranche called final terms (the "**Final Terms**") or, in the case of Non PD Notes, as completed, supplemented, amended and/or replaced in a document specific to such Tranche called a pricing supplement (the "**Pricing Supplement**") or as supplemented, amended and/or replaced in a separate prospectus specific to such Tranche (the "**Drawdown Prospectus**"). In the case of a Tranche of Notes which is the subject of a Pricing Supplement or a Drawdown Prospectus, each reference in these Conditions to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Pricing Supplement or Drawdown Prospectus.
- (d) *Agency Agreement:* The Notes are the subject of an amended and restated fiscal agency agreement dated March 31, 2015 (as further amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer and Citibank, N.A. as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and as paying agent (the "**Paying Agent**"), which expression includes any successor paying agent appointed from time to time in connection with the Notes and, together with the Fiscal Agent and any other paying agents appointed from time to time in connection with the Notes, the "**Paying Agents**").
- (e) *The Notes and the Non PD Notes:* All subsequent references in these Conditions to "**Notes**" are to the Notes which are the subject of the relevant Final Terms. References to "**Non PD Notes**" in these Conditions mean Notes for which no prospectus is required to be published under Directive 2003/71/EC, as amended. Copies of the relevant Final Terms relating to Notes which are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system are available for inspection and may be obtained during normal business hours at the specified office of the Paying Agent in Luxembourg, the initial specified office of which is set out below, and at the registered office of the Issuer. In the case of any Notes which are not admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system, copies of the relevant Final Terms will only be available for inspection by the relevant Noteholders.
- (f) *Summaries:* Certain provisions of these Conditions are summaries of the Agency Agreement and are subject to its detailed provisions. The Noteholders, the holders of the related principal receipts, if any (the "**Receiptholders**" and the "**Receipts**", respectively) and the holders of the related interest coupons, if any (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement are available for inspection by Noteholders during normal business hours at the specified offices of each of the Paying Agents, the initial specified offices of which are set out below.

## 2. Interpretation

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

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

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

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

"**Business Day**" means:

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

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

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

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

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

"**Call Option**" means the option of the Issuer to redeem the Notes pursuant to Condition 9(c) (*Redemption at the option of the Issuer*);

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

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

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

"**Final Redemption Amount**" means, in respect of any Note, its outstanding principal amount or such other amount as may be specified in the relevant Final Terms (which shall be at least equal to its nominal amount);

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

"**Group**" means the Issuer and its Subsidiaries for the time being;

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

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

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

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

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

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

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

**"Interest Payment Date"** means the date or dates specified as such in the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

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

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

**"ISDA Definitions"** means the 2006 ISDA Definitions (as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series) as published by the International Swaps and Derivatives Association, Inc.;

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

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

**"Material Subsidiary"** means, at any time, any Subsidiary of the Issuer:

- (a) whose total assets (consolidated in the case of a company which itself has Subsidiaries) represent not less than 5 per cent. of the consolidated total assets of the Group taken as a whole; or
- (b) whose net sales (consolidated in the case of a company which itself has Subsidiaries) represent not less than 5 per cent. of the consolidated total net sales of the Group taken as a whole,

all as calculated by reference to the then most recent financial statements (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then most recent consolidated financial statements of the Group but if a Subsidiary has been acquired since the date as at which the then most recent consolidated financial statements of the Group were prepared, the financial statements shall be adjusted in order to take into account the acquisition of that Subsidiary (that adjustment being certified by two directors of the Issuer (accompanied by a report by the Group's auditors addressed to the directors of the Issuer as to proper extraction of the figures used by the directors of the Issuer and the mathematical accuracy of the calculations)).

Such a certificate by two directors of the Issuer that, in their opinion, a Subsidiary of the Issuer is or is not a Material Subsidiary, accompanied by a report by the auditors addressed to the directors of the Issuer as to proper extraction of the figures used by the directors of the Issuer in determining the Material Subsidiaries of the Issuer and mathematical accuracy of the calculations shall, in the absence of manifest error, be conclusive and binding on all parties;

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

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

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

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

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

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

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

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

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

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

**"Payment Business Day"** means:

- (i) if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (ii) if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

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

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

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

**"Put Option"** means the option of the Holder of any Note to require the Issuer to redeem such Note pursuant to Condition 9(e) (*Redemption at the option of Noteholders*);

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

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

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

**"Redemption Amount"** means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional



Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in the relevant Final Terms;

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

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

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

"**Regular Period**" means:

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

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

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

"**Relevant Indebtedness**" means any Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded or admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or in any securities market (including, without limitation, any over-the-counter market) which are either (i) denominated in the lawful currency of Finland and are initially distributed primarily outside Finland, or (ii) denominated in any other currency;

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

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

"**Reserved Matter**" means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of any payment

under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

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

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

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

"**specified office**" has the meaning given in the Agency Agreement;

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

"**Subsidiary**" means, in relation to any company or corporation, a company or corporation:

- (a) which is controlled, directly or indirectly, by the first mentioned company or corporation;
- (b) more than half the issued share capital of which is beneficially owned, directly or indirectly, by the first mentioned company or corporation; or
- (c) which is a Subsidiary of another Subsidiary of the first mentioned company or corporation.

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

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

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

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

"**Treaty**" means the Treaty on the functioning of the European Union, as amended; and

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

(b) *Interpretation:* In these Conditions:

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iv) if the Notes are not Instalment Notes, references to Instalments, Receipts and Receiptholders are not applicable;
- (v) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 11 (*Taxation*) or any undertakings given in addition to or in substitution for that Condition, any premium payable in respect of a Note and

any other amount in the nature of principal payable pursuant to these Conditions;

- (vi) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 11 (*Taxation*) or any undertakings given in addition to or in substitution for that Condition and any other amount in the nature of interest payable pursuant to these Conditions;
- (vii) references to Notes being "outstanding" shall be construed in accordance with the Agency Agreement; and
- (viii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms give no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Notes.

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

The Notes are in bearer form in the Specified Denomination(s) and the Specified Currency and, in the case of Instalment Notes (as defined below), with Receipts and, if interest-bearing, with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue. In the case of a Series of Notes with more than one Specified Denomination, Notes of one Specified Denomination will not be exchangeable for Notes of another Specified Denomination. Notes, the principal amount of which is repayable by instalments ("**Instalments**", and such Notes shall be referred to in these Conditions as "**Instalment Notes**"), have attached thereto, at the time of their initial delivery, Receipts in respect of the Instalments. Title to the Notes, Receipts and Coupons will pass by delivery. References herein to the "**Holders**" of Notes, Receipts or Coupons are to the bearer of such Notes, Receipts or Coupons. The Holder of any Note, Receipt or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such Holder.

### 4. **Status**

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

### 5. **Negative Pledge**

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

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

- (a) *Application:* This Condition 6 is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest:* The Notes bear interest on their outstanding principal amount from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the

day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

- (c) *Fixed Coupon Amount:* The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.
- (d) *Regular Interest Periods:* If all of the Interest Payment Dates fall at regular intervals between the Issue Date and the Maturity Date, then:
  - (i) the Notes shall for the purposes of this Condition 6 be "**Regular Interest Period Notes**";
  - (ii) the day and month (but not the year) on which any Interest Payment Date falls shall for the purposes of this Condition 6 be a "**Regular Date**"; and
  - (iii) each period from and including a Regular Date falling in any year to but excluding the next succeeding Regular Date shall for the purposes of this Condition 6 be a "**Regular Period**".
- (e) *Irregular first or last Interest Periods:* If the Notes would be Regular Interest Period Notes but for the fact that either or both of:
  - (i) the interval between the Issue Date and the first Interest Payment Date; and
  - (ii) the interval between the Maturity Date and the immediately preceding Interest Payment Date,

is longer or shorter than a Regular Period, then the Notes shall nevertheless be deemed to be Regular Interest Period Notes *provided, however, that* if the interval between the Maturity Date and the immediately preceding Interest Payment Date is longer or shorter than a Regular Period, the day and month on which the Maturity Date falls shall not be a Regular Date.

- (f) *Irregular interest amount:* If the Notes are Regular Interest Period Notes, the amount of interest payable in respect of each Note for any period which is not a Regular Period shall be calculated by applying the Rate of Interest to the Calculation Amount of such Note, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (g) *Irregular Interest Periods:* If the Notes are not Regular Interest Period Notes and interest is required to be calculated for any period other than an Interest Period, interest shall be calculated on such basis as is described in the relevant Final Terms.

## 7. Floating Rate Note Provisions

- (a) *Application:* This Condition 7 is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest:* The Notes bear interest on their outstanding principal amount from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 7 (as well after as before judgment) until

whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) *Screen Rate Determination:* If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:

- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (ii) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, where:
  - (A) one rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
  - (B) the other rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next longer than the length of the relevant Interest Period;

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

- (iii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (iv) if, in the case of (i) above, such rate does not appear on that page or, in the case of (iii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
  - (A) request the principal Relevant Financial Centre office of each the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
  - (B) determine the arithmetic mean of such quotations; and
- (v) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

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

(d) *ISDA Determination:* If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
- (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms;
- (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) or on the euro-zone interbank offered rate (EURIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms; and
- (iv) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates based on the relevant Floating Rate Option, where:
  - (A) one rate shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
  - (B) the other rate shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period;

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

(e) *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

(f) *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency

other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

- (g) *Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination, the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.
- (h) *Notifications etc:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7 by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders, the Receiptholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

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

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

#### **9. Redemption and Purchase**

- (a) *Scheduled redemption:* Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date or, in the case of Instalment Notes, in such number of Instalments and in such amounts as specified and determined in accordance with the provisions set out in the Final Terms, subject as provided in Condition 10 (*Payments*).
- (b) *Redemption for tax reasons:* The Notes may be redeemed at the option of the Issuer in whole, but not in part:
- (i) at any time (if the Floating Rate Note Provisions are not specified in the relevant Final Terms as being applicable); or
  - (ii) on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Noteholders, or such other period(s) as may be specified in the relevant Final Terms (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

- (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 11 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Republic of Finland or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes; and
- (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, *provided, however, that* no such notice of redemption shall be given earlier than:
  - (1) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due; or
  - (2) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent (A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred of and (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 9(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 9(b).

- (c) *Redemption at the option of the Issuer:* If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders, or such other period(s) as may be specified in the relevant Final Terms (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).
- (d) *Partial redemption:* If the Notes are to be redeemed in part only on any date in accordance with Condition 9(c) (*Redemption at the option of the Issuer*), the Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law and the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation, and the notice to Noteholders referred to in Condition 9(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.



- (e) *Redemption at the option of Noteholders:* If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the Holder of any Note redeem, such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 9(e), the Holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Note together with all unmatured Receipts and Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 9(e), may be withdrawn; *provided, however, that* if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its specified office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 9(e), the depositor of such Note and not such Paying Agent shall be deemed to be the Holder of such Note for all purposes.
- (f) *Change of Control Put Option:* If the Change of Control Put Option is specified in the relevant Final Terms as being applicable, if at any time while any Note remains outstanding, either of the following events shall occur (each, as applicable, a "**Change of Control Put Event**"):
- (i) a Change of Control occurs and, if at the start of the Change of Control Period, the Issuer is rated by any Rating Agency, a Rating Downgrade in respect of that Change of Control occurs within such Change of Control Period; or
  - (ii) a Change of Control occurs and, on the occurrence of the Change of Control, the Issuer is not rated by any Rating Agency,

then the Holder of each Note will have the option (the "**Change of Control Put Option**") (unless, prior to the giving of the Change of Control Put Event Notice (as defined below), the Issuer gives notice of its intention to redeem the Notes under Condition 9(b) (*Redemption for tax reasons*) or Condition 9(c) (*Redemption at the option of the Issuer*)) to require the Issuer to redeem or, at the Issuer's option, to purchase or procure the purchase of that Note on the Optional Redemption Date (Change of Control Put), at its principal amount, or such other amount as may be specified in the relevant Final Terms, together with (or, where purchased, together with an amount equal to) accrued interest up to but excluding the Optional Redemption Date (Change of Control Put).

Promptly upon the Issuer becoming aware that a Change of Control Put Event has occurred, the Issuer shall give notice (a "**Change of Control Put Event Notice**") to the Noteholders in accordance with Condition 18 (*Notices*) specifying the nature of the Change of Control Put Event and the circumstances giving rise to it and the procedure for exercising the Change of Control Put Option contained in this Condition.

To exercise the Change of Control Put Option, the Noteholder must deposit any applicable Note, together with each unmatured Coupon relating thereto (if any), to the account of any Paying Agent for the account of the Issuer within the period (the "**Put Period**") of 45 days after the day on which the Change of Control Put Event Notice is given, together with a duly signed and completed Put Option Notice in the form (for the time being current and substantially in the form set out in the Agency Agreement) obtainable from the specified office of any Paying Agent. The Paying Agent to whom a Note has been so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder.

Subject to the deposit of any such Notes to the account of a Paying Agent for the account of the Issuer as described above, the Issuer shall redeem, purchase or procure the purchase of the Notes in respect of which the Change of Control Put Option has been validly exercised as provided above on the Optional Redemption Date (Change of Control Put). No Note, once so deposited with a duly completed Put Option Notice, may be withdrawn; *provided, however, that* if, prior to the relevant Optional Redemption Date (Change of Control Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on or prior to the end of the Put Period, payment of the redemption moneys is improperly withheld or refused on the relevant Optional Redemption Date (Change of Control Put), the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition, the depositor of such Note and not such Paying Agent shall be deemed to be the holder of the Note for all purposes.

For the purposes of this Condition 9(f):

**"Change of Control"** shall be deemed to have occurred at each time (whether or not approved by the Board of Directors of the Issuer) that any person or persons acting in concert or any person or persons acting on behalf of any such person(s) (the **"Relevant Person(s)"**), at any time directly or indirectly come(s) to own or acquire(s) (A) more than 50 per cent. of the issued ordinary share capital of the Issuer; or (B) such number of the shares in the capital of the Issuer as carries more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer;

**"Change of Control Period"** means the period (i) commencing on the date that is the earlier of (A) the date of the first public announcement of the relevant Change of Control and (B) the date of the earliest Potential Change of Control Announcement (as defined below), if any, and (ii) ending on the date which is the 120th day after the date of the first public announcement of the relevant Change of Control (such 120th day, the **"Initial Longstop Date"**); *provided that*, unless any other Rating Agency has on or prior to the Initial Longstop Date effected a Rating Downgrade in respect of its rating of the Issuer, if a Rating Agency publicly announces, at any time during the period commencing on the date which is 60 days prior to the Initial Longstop Date and ending on the Initial Longstop Date, that it has placed its rating of the Issuer under consideration for rating review either entirely or partially as a result of the relevant public announcement of the Change of Control or Potential Change of Control Announcement, the Change of Control Period shall be extended to the date which falls 90 days after the date of such public announcement by such Rating Agency;

**"Rating Agency"** means Standard & Poor's Credit Market Services Europe Limited and Moody's Deutschland GmbH or any other rating agency of equivalent international standing specified from time to time by the Issuer, and, in each case, their respective successors or affiliates;

a **"Rating Downgrade"** shall be deemed to have occurred in respect of a Change of Control if, within the Change of Control Period, the rating previously assigned to the Issuer by any Rating Agency is (i) withdrawn or (ii) changed from an investment grade rating (BBB-/Baa3, or their respective equivalents for the time being, or better) to a non-investment grade rating (BB+/Ba1, or their respective equivalents for the time being, or worse) or (iii) if such rating previously assigned to the Issuer by any Rating Agency was below an investment grade rating (as described above), lowered by at least one full rating notch (for example, from BB+ to BB or their respective equivalents); and

**"Potential Change of Control Announcement"** means any public announcement or statement by the Issuer, any actual or potential bidder or any designated advisor thereto relating to any specific and near-term potential Change of Control (where **"near-term"** shall mean that such potential Change of Control is reasonably likely to occur, or is publicly stated by the Issuer, any such actual or potential bidder or any such designated advisor to be intended to occur, within 120 days of the date of such announcement or statement).

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

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 9(h) or, if none is so specified, a Day Count Fraction of 30E/360.

- (i) *Purchase:* The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price and such Notes may be held, resold or, at the option of the purchaser, surrendered to any Paying Agent for cancellation (provided that, if the Notes are to be cancelled, they are purchased together with all unmatured Coupons and Receipts and unexchanged Talons relating to them).
- (j) *Cancellation:* All Notes redeemed and any unmatured Coupons or Receipts or unexchanged Talons attached to or surrendered with them shall be cancelled and all Notes so cancelled and any Notes cancelled pursuant to Condition 9(i) (*Purchase*) above (together with all unmatured Coupons and Receipts and unexchanged Talons cancelled with them) may not be reissued or resold.

## 10. Payments

- (a) *Principal:* Payments of principal shall be made only against (i) presentation and (in the case of final redemption, provided that payment is made in full) surrender of Notes and (ii) in respect of any Instalment which becomes due in accordance with the relevant Final Terms, presentation and (provided that payment is made in full) surrender of the relevant Receipts, at the specified office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London).
- (b) *Interest:* Payments of interest shall, subject to paragraph (h) below, be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the specified office of any Paying Agent outside the United States in the manner described in paragraph (a) above.
- (c) *Payments in New York City:* Payments of principal or interest may be made at the specified office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.
- (d) *Payments subject to fiscal laws:* All payments in respect of the Notes are subject in all cases to (i) without prejudice to the provisions of Condition 11 (Taxation), any applicable fiscal or other laws and regulations in the place of payment and (ii) notwithstanding the provisions of Condition 11 (Taxation), 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 any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders, Receiptholders or Couponholders in respect of such payments.

- (e) *Deductions for unmatured Coupons:* If the relevant Final Terms specifies that the Fixed Rate Note Provisions are applicable and a Note is presented without all unmatured Coupons relating thereto:
- (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; *provided, however, that* if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
  - (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
    - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; *provided, however, that* where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
    - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; *provided, however, that*, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

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

- (f) *Unmatured Coupons void:* If the relevant Final Terms specify that this Condition 10(f) is applicable or that the Floating Rate Note Provisions are applicable, on the due date for final redemption of any Note or early redemption of such Note pursuant to Condition 9(b) (*Redemption for tax reasons*), Condition 9(c) (*Redemption at the option of the Issuer*), Condition 9(e) (*Redemption at the option of Noteholders*) or Condition 12 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (g) *Unmatured Receipts Void:* On the due date for final redemption of any Instalment Note pursuant to Condition 9(a) (*Scheduled redemption*) or early redemption of such Instalment Note pursuant to Condition 9(b) (*Redemption for tax reasons*), Condition 9(c) (*Redemption at the option of the Issuer*), Condition 9(e) (*Redemption at the option of Noteholders*) or Condition 12 (*Events of Default*), all unmatured Receipts relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (h) *Payments on business days:* If the due date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next

succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

- (i) *Payments other than in respect of matured Coupons:* Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the specified office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (c) above).
- (j) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Note, Receipt or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (k) *Exchange of Talons:* On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Notes, the Talon forming part of such Coupon Sheet may be exchanged at the specified office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 13 (*Prescription*)). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

## **11. Taxation**

- (a) *Gross up:* All payments of principal and interest in respect of the Notes, the Receipts and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by the Republic of Finland or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders, the Receiptholders and the Couponholders of such amounts as would have been received by them if no such withholding or deduction had been required, except that no such additional amounts shall be payable in respect of any Note, Receipt or Coupon presented for payment:
  - (i) in the Republic of Finland; or
  - (ii) by a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of its having some connection with the Republic of Finland other than the mere holding of such Note, Receipt or Coupon; or
  - (iii) more than 30 days after the Relevant Date except to the extent that the relevant Holder would have been entitled to such additional amounts if it had presented such Note, Receipt or Coupon on the last day of such period of 30 days; or
  - (iv) where such withholding or deduction is imposed on a payment to an individual or a residual entity within the meaning of the European Council Directive 2003/48/EC and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
  - (v) by or on behalf of a Holder of a Note, Receipt or Coupon who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union.
- (b) *Taxing jurisdiction:* If the Issuer becomes subject at any time to any taxing jurisdiction other than the Republic of Finland, references in these Conditions to the Republic of Finland shall be construed as references to the Republic of Finland and/or such other jurisdiction.

## 12. Events of Default

If any of the following events occurs:

- (a) *Non-payment:* the Issuer fails to pay any amount of principal in respect of the Notes on the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within 7 days of the due date for payment thereof; or
- (b) *Breach of other obligations:* the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Agency Agreement and such default remains unremedied for 30 days after written notice thereof, addressed to the Issuer by any Noteholder, has been delivered to the Issuer or to the specified office of the Fiscal Agent; or
- (c) *Cross-default of Issuer or Material Subsidiary:*
  - (i) any Indebtedness of the Issuer or any of its Material Subsidiaries is not paid when due or (as the case may be) within any applicable grace period;
  - (ii) any such Indebtedness becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer or (as the case may be) the relevant Material Subsidiary or (provided that no event of default, howsoever described, has occurred) any Person entitled to such Indebtedness; or
  - (iii) the Issuer or any of its Material Subsidiaries fails to pay when due or (as the case may be) within any applicable grace period any amount payable by it under any Guarantee of any Indebtedness;

provided that (A) the amount of Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any Guarantee referred to in sub-paragraph (iii) above individually or in the aggregate exceeds €15,000,000 (or its equivalent in any other currency or currencies) and (B) the non-payment is not due to the Issuer or the relevant Material Subsidiary contesting in good faith the fact that such indebtedness has become so repayable or has not been repaid; or

- (d) *Unsatisfied judgment:* one or more judgment(s) or order(s) for the payment of an aggregate amount in excess of €15,000,000 (or its equivalent in any other currency or currencies) is rendered against the Issuer or any of its Material Subsidiaries and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or
- (e) *Security enforced:* a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any substantial part of the undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries, except for any enforcement which is frivolous or vexatious and is dismissed within 21 days; or
- (f) *Insolvency etc:* (i) the Issuer, or any of its Material Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator of the Issuer or any of its Material Subsidiaries or the whole or any part of the undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries is appointed (or application for any such appointment is made), (iii) the Issuer or any of its Material Subsidiaries takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any Guarantee of any Indebtedness given by it or (iv) the Issuer or any of its Material Subsidiaries ceases to carry on all or any substantial part of its business (otherwise than, in the case of a Material Subsidiary of the Issuer, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or
- (g) *Winding up etc:* an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of its Material Subsidiaries (otherwise than, in

the case of a Material Subsidiary of the Issuer, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or

- (h) *Analogous event*: any event occurs which under the laws of the Republic of Finland has an analogous effect to any of the events referred to in paragraphs (d) to (g) above; or
- (i) *Failure to take action etc*: any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Notes, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Notes, the Receipts and the Coupons admissible in evidence in the courts of the Republic of Finland is not taken, fulfilled or done; or
- (j) *Unlawfulness*: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes,

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

### **13. Prescription**

Claims for principal shall become void unless the relevant Notes (and, in the case of any Instalment which became due, the relevant Receipts) are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

### **14. Replacement of Notes, Receipts and Coupons**

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

### **15. Agents**

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

The initial Paying Agents and their initial specified offices are listed below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor fiscal agent or Calculation Agent and additional or successor paying agents; *provided, however, that*:

- (a) the Issuer shall at all times maintain a Fiscal Agent; and
- (b) the Issuer shall ensure that it maintains a paying agent in an EU Member State that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; and

- (c) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent; and
- (d) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Issuer shall maintain a Paying Agent having its specified office in the place required by the rules of such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Paying or Calculation Agents or in their specified offices shall promptly be given to the Noteholders.

#### **16. Meetings of Noteholders; Modification and Waiver**

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

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

- (b) *Modification:* The Notes and these Conditions may be amended without the consent of the Noteholders, Receiptholders or Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of the Issuer, not materially prejudicial to the interests of the Noteholders.

#### **17. Further Issues**

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

#### **18. Notices**

Notices to the Noteholders shall be valid if published in a leading English language daily newspaper published in the United Kingdom (which is expected to be the *Financial Times*) and, if the Notes are listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange, in a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or in either case, if such publication is not practicable, in a leading English language daily newspaper having



general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Receiptholders and Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

#### **19. Rounding**

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

#### **20. Third Party Rights**

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

#### **21. Governing Law and Jurisdiction**

- (a) *Governing law:* The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by English law.
- (b) *Jurisdiction:* The Issuer agrees for the benefit of the Noteholders, Couponholders and Receiptholders that the courts of England shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Notes (including a dispute relating to the existence, validity or termination of the Notes or any non-contractual obligations arising out of or in connection with the Notes) (respectively, "**Proceedings**" and "**Disputes**") and, for such purposes, irrevocably submits to the jurisdiction of such courts.
- (c) *Appropriate forum:* The Issuer irrevocably waives any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes, and agrees not to claim that any such court is not a convenient or appropriate forum.
- (d) *Process agent:* The Issuer agrees that the process by which any Proceedings in England are begun may be served on it by being delivered to Metso UK Ltd. at Parkfield Road, Rugby, Warwickshire, CV21 1QJ or, if different, its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with the Companies Act 2006. If such Person is not or ceases to be effectively appointed to accept service of process on the Issuer's behalf, the Issuer shall, on the written demand of any Noteholder addressed to the Issuer and delivered to the Issuer or to the specified office of the Fiscal Agent, appoint a further Person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a Person by written notice addressed to the Issuer and delivered to the Issuer or to the specified office of the Fiscal Agent. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law.
- (e) *Non-exclusivity:* The submission to the jurisdiction of the courts of England shall not (and shall not be construed so as to) limit the right of any Noteholder, Couponholder or Receiptholder to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.

## FORM OF FINAL TERMS

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

Final Terms dated [ ]

### METSO CORPORATION

*(incorporated with limited liability in the Republic of Finland)*

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

**under the €1,500,000,000  
Euro Medium Term Note Programme**

### PART A - CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the base prospectus dated March 31, 2015 [and the supplement[s] thereto dated [•]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Directive 2003/71/EC and amendments thereto, including Directive 2010/73/EU (together, the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Base Prospectus.]

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date:*

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the base prospectus dated [April 12, 2010/April 1, 2011/April 4, 2012/March 28, 2014] which are incorporated by reference in the base prospectus dated March 31, 2015. These Final Terms contain the final terms of the Notes and must be read in conjunction with the base prospectus dated March 31, 2015 [and the supplement[s] thereto dated [date]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive.]

Full information on the Issuer and the offer of the Notes described herein is only available on the basis of a combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing on the website of the Luxembourg Stock Exchange (*www.bourse.lu*) and copies may be obtained from the registered office of the Issuer, at Fabianinkatu 9A, FI-00130 Helsinki, Finland.

*[Include whichever of the following apply or specify as "Not Applicable". Italics denote directions for completing the Final Terms.]*

1. (i) Series Number: [ ]
- (ii) Tranche Number: [ ]
- (iii) Date on which the Notes become fungible: Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [*identify earlier Tranche(s)*] on [[ ]/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [ ] below [which is expected to occur on or about [ ]]

2. Specified Currency: [ ]
3. Aggregate Nominal Amount:
- (i) Series: [ ]
- (ii) Tranche: [ ]
4. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (in the case of fungible issues only, if applicable)]
5. (i) Specified Denominations: [ ]
- [No Notes may be issued which have a minimum denomination of less than €100,000 (or nearly the equivalent in another currency)]*
- [Subject thereto, if Notes are to be issued which have denominations consisting of a minimum Specified Denomination and higher integral multiples of another smaller amount, the following sample wording should be used (as adjusted for the relevant Specified Currency and the actual Specified Denominations:*
- [€]100,000 and integral multiples of [€]1,000 in excess thereof up to and including [€]199,000. Definitive Notes will not be issued in denominations in excess of [€]199,000.]*
- (ii) Calculation Amount: [ ]
6. (i) Issue Date: [ ]
- (ii) Interest Commencement Date: Issue Date/Other/Not Applicable
7. Maturity Date: [ ]
- [Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year.]*
- [If the Maturity Date is less than one year from the Issue Date and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, (i) the Notes must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to "professional investors" or (ii) another applicable exemption from Section 19 of the FSMA must be available.]*
8. Interest Basis: [[ ] per cent. Fixed Rate]
- [[specify reference rate] +/- [ ] per cent. Floating Rate]
- [Zero Coupon]

9. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [par/Instalment/the Final Redemption Amount specified in paragraph 17 below]
10. Put/Call Option: Not Applicable/Noteholder Put Option/Change of Control Put Option/Issuer Call Option
11. Date Board approval for issuance of Notes obtained: [ ]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

12. **Fixed Rate Note Provisions** Applicable/Not Applicable  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Rate(s) of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [ ] in each year[, adjusted [for payment purposes only/, not adjusted]
- (iii) Business Day Convention Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention / No Adjustment
- (iv) Additional Business Centre(s) Not Applicable/*give details*
- (v) Fixed Coupon Amount(s): [ ] per Calculation Amount
- (vi) Broken Amount(s): Not Applicable/[ ] per Calculation Amount payable on the Interest Payment Date falling [in/on] [ ]
- (vii) Day Count Fraction: 30/360 / Actual/Actual(ICMA) / Actual/Actual (ISDA) / Actual/365 / Actual/365(Fixed) / Actual/360 / 30E/360 / 30E/360(ISDA)
- [(viii) Determination Dates: [ ] in each year *(insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA)).*]
13. **Floating Rate Note Provisions** Applicable/Not Applicable  
*(If not applicable, delete the remaining subparagraphs of this paragraph.)*
- (i) Specified Period/Interest Payment Dates: [ ]
- (Specified Period and Interest Payment Dates are alternatives. A Specified Period, rather than Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or*

- Eurodollar Convention. Otherwise, insert "Not Applicable")*
- (ii) Business Day Convention: Floating Rate Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention / No Adjustment
- (iii) Additional Business Centre(s): Not Applicable/*give details*
- (iv) Manner in which the Rate(s) of Interest is/are to be determined: Screen Rate Determination / ISDA Determination
- (v) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s): Fiscal Agent/*Other*
- (vi) Screen Rate Determination:
- Reference Rate: [*For example, LIBOR or EURIBOR*]
  - Relevant Screen Page: [*For example, Reuters LIBOR 01/EURIBOR 01*]
  - Interest Determination Date(s): [ ]
  - Relevant Time: [*For example, 11.00 a.m. London time/ Brussels time*]
  - Relevant Financial Centre: [*For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)*]
  - Reference Banks: [ ]
- (vii) ISDA Determination:
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (viii) Linear Interpolation: Not Applicable / Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)
- (ix) Margin(s): [+/-] [ ] per cent. per annum
- (x) Minimum Rate of Interest: [ ] per cent. per annum
- (xi) Maximum Rate of Interest: [ ] per cent. per annum
- (xii) Day Count Fraction: 30/360 / Actual/Actual(ICMA) / Actual/Actual (ISDA) / Actual/365 / Actual/365(Fixed) / Actual/360 / 30E/360 / 30E/360(ISDA)

14. **Zero Coupon Note Provisions**

Applicable/Not Applicable

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

- (i) Accrual Yield: [ ] per cent. per annum
- (ii) Reference Price: [ ]
- (iii) Day Count Fraction: 30/360 / Actual/Actual (ICMA) / Actual/Actual (ISDA) / Actual/365 / Actual/365 (Fixed) / Actual/360 / 30E/360 / 30E/360 (ISDA)

**PROVISIONS RELATING TO REDEMPTION**

- 15. **Call Option** Applicable/Not Applicable  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
  - (ii) Optional Redemption Date(s) (Call): [ ]
  - (iii) Optional Redemption Amount(s) (Call) of each Note: [ ] per Calculation Amount
  - (iv) If redeemable in part:
    - (a) Minimum Redemption Amount: [ ] per Calculation Amount
    - (b) Maximum Redemption Amount: [ ] per Calculation Amount
  - (v) Notice period(s): As set out in Condition 9(c)/[ ]
- 16. **Put Option** Applicable/Change of Control Put Option applicable/Not Applicable  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
  - (i) Optional Redemption Date(s) ([Change of Control] Put): [ ]
  - (ii) Optional Redemption Amount(s) ([Change of Control] Put): [ ] per Calculation Amount
  - (iii) Notice period(s): As set out in Condition 9(e)/Condition 9(f)/[ ]
- 17. **Final Redemption Amount of each Note** [ ] per Calculation Amount
- 18. **Early Redemption Amount**  
Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default, if different from the principal amount of the Notes: Not Applicable/Specify if different from the principal amount of the Notes

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

- 19. Form of Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on [ ] days' notice or] in the limited circumstances specified in the

Permanent Global Note]<sup>1</sup>

[Temporary Global Note exchangeable for Definitive Notes on [ ] days' notice]<sup>1</sup>

[Permanent Global Note exchangeable for Definitive Notes [on [ ] days' notice or] in the limited circumstances specified in the Permanent Global Note]<sup>1</sup>

20. Additional Financial Centre(s): Not Applicable/*give details. Note that this item relates to the place of payment, and not interest period end dates, to which items 12(ii) and 13(i) relate*
21. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): No/Yes. As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are left
22. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: Not Applicable/*Give details*

**SIGNATURE**

Signed on behalf of the Issuer

By: .....  
Duly authorised

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<sup>1</sup> Note that the option to exchange at any time may not be used in circumstances where Notes are tradeable in denominations of €100,000 and higher integral multiples of €1,000 (or equivalents in another currency). In relation to any issue of Notes which are expressed to be Temporary Global Notes exchangeable for Definitive Notes, such Notes may only be issued in denominations equal to, or greater than €100,000 and integral multiples thereof (or equivalents in another currency).

## PART B - OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing: Official List of the Luxembourg Stock Exchange/Other/None
- (ii) Admission to trading: Not Applicable/Application has been made for the Notes to be admitted to trading on [the Regulated Market of the Luxembourg Stock Exchange/other] with effect from [ ]
- (Where documenting a fungible issue need to indicate that original securities are already admitted to trading)
- (iii) Estimate of total expenses related [ ] to admission to trading:

### 2. RATINGS

The Notes to be issued have not been rated./The Notes to be issued have been rated:

Moody's Deutschland GmbH: [ ]

Standard & Poor's Credit Market Services Europe Limited: [ ]

[[•] is established in the EEA and registered under Regulation (EU) No. 1060/2009, as amended (the "**CRA Regulation**"), and is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website ([www.esma.europa.eu/page/List-registered-and-certified-CRAs](http://www.esma.europa.eu/page/List-registered-and-certified-CRAs)) in accordance with the CRA Regulation.]/ [•] is not established in the EEA and is not certified under Regulation (EU) No. 1060/2009, as amended (the "**CRA Regulation**"); however, the rating it has given to the Notes is endorsed by [•], which is established in the EEA and registered under the CRA Regulation.]

### 3. INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

Except for the commissions payable to the [Dealers/Managers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.

### 4. [Fixed Rate Notes only - YIELD

Indication of yield: [ ]

### 5. [THIRD PARTY INFORMATION

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

### 6. DISTRIBUTION

If syndicated: Applicable/Not Applicable

(i) Names and addresses and underwriting commitments of Managers: Not Applicable/Give names, addresses and underwriting commitments

(ii) Date of Subscription Agreement: [ ]



(iii) Stabilising Manager: Not Applicable/*Give name*

If non-syndicated, name and address of Dealer: Not Applicable/*Give name and address*

TEFRA: [Not Applicable/The [C/D] Rules are applicable]

Total commission and concession: [ ] per cent. of the Aggregate Nominal Amount

7. **OPERATIONAL INFORMATION**

ISIN Code: [ ]

Common Code: [ ]

Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): Not Applicable/*Give details*

Delivery: Delivery [against/free of] payment

Name(s) and address(es) of any additional Paying Agents: Not Applicable/*Give details*

## FORM OF PRICING SUPPLEMENT

*The Pricing Supplement in respect of each Tranche of Non PD Notes will be substantially in the following form, duly completed, supplemented, amended and/or replaced to reflect the particular terms of the relevant Non PD Notes and their issue. Text in this section appearing in italics does not form part of the form of the Pricing Supplement but denotes directions for completing the Pricing Supplement.*

Pricing Supplement dated [ ]

### METSO CORPORATION

*(incorporated with limited liability in the Republic of Finland)*

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

**under the €1,500,000,000  
Euro Medium Term Note Programme**

### PART A - CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the base prospectus dated March 31, 2015 [and the supplement[s] thereto dated [•]] (the "**Base Prospectus**"). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Base Prospectus.]

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date:*

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the "**Conditions**") set forth in the base prospectus dated [original date] which are incorporated by reference in the base prospectus dated March 31, 2015. This Pricing Supplement contain the final terms of the Notes and must be read in conjunction with the base prospectus dated March 31, 2015 [and the supplement[s] thereto dated [date]] (the "**Base Prospectus**").

Full information on the Issuer and the offer of the Notes described herein is only available on the basis of a combination of this Pricing Supplement and the Base Prospectus. The Base Prospectus is available for viewing on the website of the Luxembourg Stock Exchange (*www.bourse.lu*) and copies may be obtained from the registered office of the Issuer, at Fabianinkatu 9A, FI-00130 Helsinki, Finland.

*[Include whichever of the following apply or specify as "Not Applicable". Italics denote directions for completing the Pricing Supplement.]*

1. (i) Series Number: [ ]  
(ii) Tranche Number: [ ]  
(iii) Date on which the Notes become fungible: Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [identify earlier Tranche(s)] on [[ ]/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [ ] below [which is expected to occur on or about [ ]]
2. Specified Currency: [ ]
3. Aggregate Nominal Amount:
  - (i) Series: [ ]
  - (ii) Tranche: [ ]

4. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]
5. (i) Specified Denominations: [ ]
- [No Notes may be issued which have a minimum denomination of less than €100,000 (or nearly the equivalent in another currency)]
- [Subject thereto, if Notes are to be issued which have denominations consisting of a minimum Specified Denomination and higher integral multiples of another smaller amount, the following sample wording should be used (as adjusted for the relevant Specified Currency and the actual Specified Denominations:
- [€]100,000 and integral multiples of [€]1,000 in excess thereof up to and including [€]199,000. Definitive Notes will not be issued in denominations in excess of [€]199,000.]
- (ii) Calculation Amount: [ ]
6. (i) Issue Date: [ ]
- (ii) Interest Commencement Date: Issue Date/Other/Not Applicable
7. Maturity Date: [ ]
- [Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year.]
- [If the Maturity Date is less than one year from the Issue Date and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, (i) the Notes must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to "professional investors" or (ii) another applicable exemption from Section 19 of the FSMA must be available.]
8. Interest Basis: [[ ] per cent. Fixed Rate]
- [[specify reference rate] +/- [ ] per cent. Floating Rate]
- [Zero Coupon]
9. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at par/Instalment
10. Change of Interest or Redemption/Payment Basis: Not Applicable/Specify details of any provision for convertibility of Notes into another interest

or redemption/payment basis

11. Put/Call Option: Not Applicable/Noteholder Put Option/Change of Control Put Option/Issuer Call Option
12. (i) Status of the Notes: Senior
- (ii) Date Board approval for issuance of Notes obtained: [ ]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

13. **Fixed Rate Note Provisions** Applicable/Not Applicable
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [ ] in each year[, adjusted [for payment purposes only] in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]/, not adjusted]
- (iii) Fixed Coupon Amount[(s)]: [ ] per Calculation Amount
- (iv) Broken Amount(s): Not Applicable/[ ] per Calculation Amount payable on the Interest Payment Date falling [in/on] [ ]
- (v) Day Count Fraction: 30/360 / Actual/Actual(ICMA) / Actual/Actual (ISDA) / Actual/365 / Actual/365(Fixed) / Actual/360 / 30E/360 / 30E/360(ISDA)
- [(vi) Determination Dates: [ ] in each year *(insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA)).*]
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: Not Applicable/Give details
14. **Floating Rate Note Provisions** Applicable/Not Applicable
- (If not applicable, delete the remaining sub-paragraphs of this paragraph.)*
- (i) Specified Period/Interest Payment Dates: [ ]
- (Specified Period and Interest Payment Dates are alternatives. A Specified Period, rather than Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")*

- (ii) Business Day Convention: Floating Rate Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention / No Adjustment
- (iii) Additional Business Centre(s): Not Applicable/*give details*
- (iv) Manner in which the Rate(s) of Interest is/are to be determined: Screen Rate Determination / ISDA Determination / *Other (give details)*
- (v) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s): Fiscal Agent/*Other*
- (vi) Screen Rate Determination:
- Reference Rate: [*For example, LIBOR or EURIBOR*]
  - Relevant Screen Page: [*For example, Reuters LIBOR 01/EURIBOR 01*]
  - Interest Determination Date(s): [ ]
  - Relevant Time: [*For example, 11.00 a.m. London time/ Brussels time*]
  - Reference Banks: [ ]
- (vii) ISDA Determination:
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (viii) Linear Interpolation Not Applicable / Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)
- (ix) Margin(s): [+/-] [ ] per cent. per annum
- (x) Minimum Rate of Interest: [ ] per cent. per annum
- (xi) Maximum Rate of Interest: [ ] per cent. per annum
- (xii) Day Count Fraction: [ ]
- (xiii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: Not Applicable/*Give details*
15. **Zero Coupon Note Provisions** Applicable/Not Applicable
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Accrual Yield: [ ] per cent. per annum

- (ii) Reference Price: [ ]
- (iii) Day Count Fraction: 30/360 / Actual/Actual (ICMA) / Actual/Actual (ISDA) / Actual/365 / Actual/365 (Fixed) / Actual/360 / 30E/360 / 30E/360 (ISDA)
- (iv) Any other formula/basis of determining amount payable: Not Applicable/*Give details*

**PROVISIONS RELATING TO REDEMPTION**

- 16. **Call Option** Applicable/Not Applicable  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
  - (ii) Optional Redemption Date(s) (Call): [ ]
  - (iii) Optional Redemption Amount(s) (Call) of each Note and/or method, if any, of calculation of such amount(s): [ ] per Calculation Amount/[ ]
  - (iv) If redeemable in part:
    - (a) Minimum Redemption Amount: [ ] per Calculation Amount
    - (b) Maximum Redemption Amount: [ ] per Calculation Amount
  - (v) Notice period(s): As set out in the Conditions/[ ]
- 17. **Put Option** Applicable/Change of Control Put Option applicable/Not Applicable  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
  - (i) Optional Redemption Date(s) ([Change of Control] Put): [ ]
  - (ii) Optional Redemption Amount(s) ([Change of Control] Put) and/or method, if any, of calculation of such amount(s): [ ] per Calculation Amount/[ ]
  - (iii) Notice period(s): As set out in the Conditions/[ ]
- 18. **Final Redemption Amount of each Note** [ ] per Calculation Amount
- 19. **Early Redemption Amount**  
Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions): Not Applicable/*Give details/Specify if different from the principal amount of the Notes*

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

- |     |   |   |
|-----|---|---|
| 20. | Form of Notes:  | <p>Bearer:</p> <p>[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on [ ] days' notice or] in the limited circumstances specified in the Permanent Global Note]<sup>2</sup></p> <p>[Temporary Global Note exchangeable for Definitive Notes on [ ] days' notice]<sup>1</sup></p> <p>[Permanent Global Note exchangeable for Definitive Notes [on [ ] days' notice or] in the limited circumstances specified in the Permanent Global Note]<sup>1</sup></p> |
| 21. | Additional Financial Centre(s) or other special provisions relating to Payment Dates:   | Not Applicable/ <i>give details. Note that this item relates to the place of payment, and not interest period end dates, to which items 13(ii) and 14(i) relate</i>   |
| 22. | Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):   | Yes/No. <i>If yes, give details</i>   |
| 23. | Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: | Not Applicable/ <i>Give details</i>   |
| 24. | Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:  | Not Applicable/ <i>Give details</i>   |
| 25. | Redenomination, renominatisation and reconventioning provisions:  | Not Applicable/ <i>Give details</i>   |
| 26. | Other final terms:  | Not Applicable/ <i>Give details</i>   |

**SIGNATURE**

Signed on behalf of the Issuer

By: .....  
Duly authorised

<sup>2</sup> Note that the option to exchange at any time may not be used in circumstances where Notes are tradeable in denominations of €100,000 and higher integral multiples of €1,000 (or equivalents in another currency). In relation to any issue of Notes which are expressed to be Temporary Global Notes exchangeable for Definitive Notes, such Notes may only be issued in denominations equal to, or greater than €100,000 and integral multiples thereof (or equivalents in another currency).

## PART B - OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing: Official List of the Luxembourg Stock Exchange/*Other*/None
- (ii) Admission to trading: Not Applicable/Application has been made for the Notes to be admitted to trading on [the Regulated Market of the Luxembourg Stock Exchange/*other*] with effect from [ ]
- (Where documenting a fungible issue need to indicate that original securities are already admitted to trading)*
- (iii) Estimate of total expenses related to admission to trading: [ ]

### 2. RATINGS

The Notes to be issued have not been rated./The Notes to be issued have been rated:

Moody's Deutschland GmbH: [ ]

Standard & Poor's Credit Market Services Europe Limited: [ ]

### 3. INTEREST 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 Notes has an interest material to the offer.

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

- (i) Reasons for the offer: The net proceeds of the issue of the Notes will be applied by the Issuer to meet part of its general financing requirements/*Other*.
- (ii) Estimated net proceeds: [ ]
- (If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding)*
- (iii) Estimated total expenses: [ ] *[Include breakdown of expenses.]*
- (Only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above)*

### 5. [Fixed Rate Notes only - YIELD

Indication of yield: [ ]

The yield is calculated as of the Issue Date on a[n semi-]annual basis using the Issue Price. It is not an indication of future yield.

### 6. [THIRD PARTY INFORMATION



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

7. **DISTRIBUTION**

|   |   |
|---|---|
| If syndicated:  | Applicable/Not Applicable   |
| (i) Names and addresses and underwriting commitments of Managers: | Not Applicable/ <i>Give names, addresses and underwriting commitments</i> |
| (ii) Date of Subscription Agreement:                              | [ ]   |
| (iii) Stabilising Manager:  | Not Applicable/ <i>Give name</i>  |
| If non-syndicated, name and address of Dealer:                    | Not Applicable/ <i>Give name and address</i>                              |
| U.S. selling restrictions:  | Regulation S Category 2   |
| TEFRA:  | [Not Applicable/The [C/D] Rules are applicable]                           |
| Total commission and concession:                                  | [ ] per cent. of the Aggregate Nominal Amount                             |
| Additional selling restrictions:                                  | Not Applicable/ <i>Give details</i>                                       |

8. **OPERATIONAL INFORMATION**

|  |                                     |
|--|-------------------------------------|
| ISIN Code:   | [ ]                                 |
| Common Code:   | [ ]                                 |
| Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): | Not Applicable/ <i>Give details</i> |
| Delivery:  | Delivery [against/free of] payment  |
| Name(s) and address(es) of any additional Paying Agents:   | Not Applicable/ <i>Give details</i> |

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

### Clearing System Accountholders

Each Global Note will be in bearer form. Consequently, in relation to any Tranche of Notes represented by a Global Note, references in the Terms and Conditions of the Notes to "Noteholder" are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary.

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

### Exchange of Temporary Global Notes

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

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

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

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

If:

- (a) a Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (London time) on the seventh day after the bearer of a Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or
- (b) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer of a Temporary Global Note has requested exchange of the Temporary Global Note for Definitive Notes; or
- (c) a Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of a Temporary

Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note or increase the principal amount thereof or deliver Definitive Notes, as the case may be) will become void at 5.00 p.m. (London time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time) on such thirtieth day (in the case of (b) above) or at 5.00 p.m. (London time) on such due date (in the case of (c) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under a deed of covenant dated March 31, 2015 (the "**Deed of Covenant**") executed by the Issuer). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

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

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

If:

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

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

#### **Conditions applicable to Global Notes**

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

*Payments:* All payments in respect of the Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note

at the specified office of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that the same is noted in a schedule thereto.

*Exercise of put option:* In order to exercise the options contained in Condition 9(e) (*Redemption at the option of Noteholders*) or Condition 9(f) (*Change of Control Put Option*) the bearer of the Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Fiscal Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

*Partial exercise of call option:* In connection with an exercise of the option contained in Condition 9(c) (*Redemption at the option of the Issuer*) in relation to some only of the Notes, the Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions.

*Notices:* Notwithstanding Condition 18 (*Notices*), while all the Notes are represented by a Permanent Global Note and/or a Temporary Global Note and the Permanent Global Note is and/or the Temporary Global Note is/are deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 18 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system. So long as such Notes are listed on the Luxembourg Stock Exchange, notices shall also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

## METSO CORPORATION

### Introduction

Metso is a leading process performance provider with customers in the mining, oil and gas and aggregate industries. In 2014, Metso had total net sales of €3,658 million, of which approximately 96 per cent. related to sales by international operations and to exports from Finland, and an operating profit of €351 million. As of December 31, 2014, the Company's total assets amounted to €3,403 million and Metso had 15,644 employees worldwide.

Metso is a public limited liability company and was incorporated in the Republic of Finland under the Finnish Companies Act. Metso is registered with the Finnish Trade Registry under the business identity code 1538032-5. Metso's registered office is located at Fabianinkatu 9 A, P.O. Box 1220, FI-00101 Helsinki, Finland; telephone +358-20-484-100.

### History

Metso was incorporated on August 24, 1999, and created as the result of the merger of Valmet Corporation and Rauma Corporation. Valmet Corporation at that time was a paper and board machine supplier, while Rauma Corporation's operations were focused on fiber technology, rock crushing and flow control solutions. The merger produced an equipment supplier serving the global process industry. Soon after the merger, in September 2001, Metso acquired Svedala Industri AB ("**Svedala**"), a global supplier of products and services for the rock and mineral processing industry based in Sweden.

In 2013, Metso decided to split the company into two listed, independent entities: Metso Corporation and Valmet Corporation. Valmet Corporation serves pulp, paper and energy industries while Metso focuses on supplying technology and services for the mining, oil and gas and aggregate industries.

### Recent Developments

In January 2014, Metso announced that Metso and Guangxi Liugong Group Co., Ltd. ("**LiuGong**") had obtained all necessary approvals from the Chinese authorities and that the 50-50 per cent. joint venture between the two companies had been officially established. Liugong Metso Construction Equipment (Shanghai) Co. Ltd. ("**LiuGong-Metso**") is headquartered in Shanghai and will combine Metso's know-how in track-mounted crushing and screening business and technology with LiuGong's extensive distribution resources and manufacturing capabilities in China. The initial scope of the joint venture covers the design and manufacture of localized versions of Metso's Lokotrack mobile crushers and screens. The products are sold under dual branding: LiuGong Metso and the product range may be further expanded in the future. The joint venture promotes Metso's global track-mounted crushing and screening equipment in China.

In June 2014, Metso announced that it had signed a new €500 million multi-currency revolving credit facility with a syndicate of ten relationship banks. The new facility refinanced Metso Group's existing €500 million facility and will be used for general corporate purposes. The facility has a tenor of five years, with two one-year extension options dependent on the approval of the banks concerned.

In July 2014, Metso announced that it had decided on a new strategy and a new operating model which are designed to drive growth in the Company's core businesses as well as to strengthen its financial performance and value creation. The new strategy will allow Metso to continue the Company's transformation into a more services and products focused company with attractive structural growth and high margin opportunities across its portfolio of services, products and system deliveries. Under the new strategy, Metso's core customer industries are mining, oil and gas and aggregates. Metso aims to further strengthen its position as a leading technology and services provider for end-to-end minerals processing and to become a leader in flow control within the oil and gas and mining industries. As part of the new strategy, Metso announced that it will study strategic alternatives, including potential divestment, for its current process automation systems business, which primarily serves the pulp, paper, and power industries. In order to ensure the efficient execution of the new strategy, Metso will update its operating model to include three business areas: Services, Flow Control and Minerals. Furthermore, Metso will report its financial performance externally in two segments which will be Minerals and Flow Control.

In December 2014, Metso announced the divestment of its Tampere foundry in Finland to a Finnish company Tevo Oy. The new owner will continue the foundry operations under the TEVO-Lokomo name

at the foundry's current premises in Tampere. The completion of the divestment is expected to take place in March 2015.

In December 2014, Metso sold its remaining 41.3 per cent. holding in Valmet Automotive Oy to Pontos Group and Finnish Industry Investment Ltd.

In January 2015, Metso announced that it had entered into an agreement on the sale and purchase of Metso's Process Automation Systems ("PAS") to Valmet Corporation. The enterprise value of the transaction is €340 million. The divestment is in line with Metso's new strategy announced in July 2014, under which Metso will focus on the product and services businesses for the mining, aggregates, and oil & gas industries and stated its intention to study alternatives for its PAS business. The PAS business is the market leader in process automation solutions for the pulp, paper and power industries, with an extensive range of offering covering automation and quality control systems, analyzers and measurements and related services. PAS has about 1,600 employees in approximately 80 locations around the world. The transaction, which is estimated to be closed by April 1, 2015, is subject to approval by the competition authorities. Metso expects to book a significant capital gain after the closing of this transaction.

In January 2015 Metso announced that it had acquired certain intellectual property rights related to the Falk Mill Products business of Rexnord Industries, which will allow Metso to provide replacement gears and pinions for the Company's customers utilizing original equipment manufacturer drawings and specifications for mills and kilns purchased through Metso and certain other end users. The acquisition also includes some key Falk Mill Products specialists to support the business.

### Legal Structure

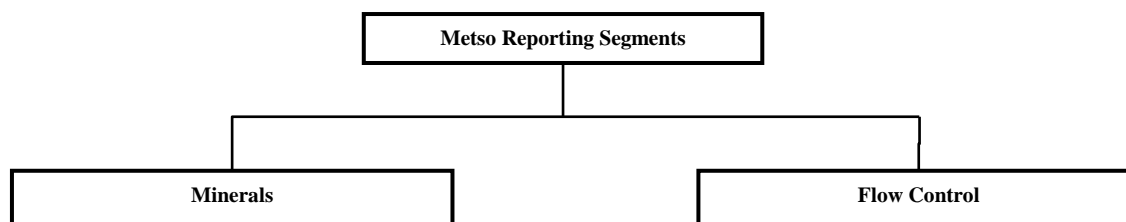
Metso Corporation is the parent company of the Metso Group. For a description of Metso's subsidiaries, please see Note 32 to Metso's consolidated financial statements for the year ended December 31, 2014 incorporated by reference to this Base Prospectus.

### Corporate Structure

Metso consists of a total of three business areas which are Minerals, Flow Control and Services.

- **Minerals** provides minerals processing solutions for mining customers and crushing and screening products for aggregates customers as well as system deliveries.
- **Flow Control** provides and develops the valve control offering for oil and gas customers as well as pumps for mining customers.
- **Services** provides primarily minerals customers with full-scope services solutions ranging from spare and wear parts to high-value adding performance services.

Metso's external reporting structure consists of two segments which are Minerals and Flow Control. The Minerals segment includes Metso's mining, aggregates and recycling businesses and Flow Control includes the valves, pumps and automation businesses. The Services business area is not reported externally, but is included in the Minerals and Flow Control segment information.



The financial information, including net sales and operating profit for the year ended December 31, 2014, in this Base Prospectus is presented according to Metso's current operational structure effective as of October 1, 2014, as discussed under "Corporate Structure" above.

## Results of Operations

The table below sets forth Metso's net sales by reporting segment for the two most recent years:

|                                  | <b>For the year ended December 31,</b> |                  |
|----------------------------------|--|------------------|
|                                  | <b>2013</b>                            | <b>2014</b>      |
|                                  | <b>(unaudited)</b>                     | <b>(audited)</b> |
|                                  | <i>(€ in millions)</i>                 |                  |
| Minerals.....                    | 2,955                                  | 2,676            |
| Flow Control.....                | 969                                    | 982              |
| Group Head Office and other..... | –                                      | 5                |
| Intra Metso net sales.....       | <u>(66)</u>                            | <u>(5)</u>       |
| Metso total.....                 | <u>3,858</u>                           | <u>3,658</u>     |

The table below sets forth Metso's operating profit by reporting segment for the two most recent years:

|                                  | <b>For the year ended December 31,</b> |                  |
|----------------------------------|--|------------------|
|                                  | <b>2013</b>                            | <b>2014</b>      |
|                                  | <b>(unaudited)</b>                     | <b>(audited)</b> |
|                                  | <i>(€ in millions)</i>                 |                  |
| Minerals.....                    | 322.4                                  | 243.9            |
| Flow Control.....                | 126.0                                  | 138.7            |
| Group Head Office and other..... | <u>(25.4)</u>                          | <u>(31.8)</u>    |
| Metso total.....                 | <u>423.0</u>                           | <u>350.8</u>     |

## Ratings

Metso aims to maintain a solid investment grade credit rating. On October 30, 2014, Moody's affirmed Metso's existing Baa2 long-term credit rating and changed the outlook from negative to stable. On April 8, 2014, Standard & Poor's affirmed Metso's existing BBB long-term credit rating, A-2 short-term corporate credit rating and stable outlook. None of Metso's loans have covenants that could trigger a premature repayment on the basis of changes in credit ratings however, in certain of its debt facilities, reduction of credit ratings will result in certain financial covenants becoming applicable. Some of Metso's debt facilities include financial covenants related to capital structure and, currently, Metso's management considers its flexibility in relation to these covenants to be adequate.

## Business Strategy

Metso's strategy and operating model are designed to drive growth in the Company's core businesses as well as to strengthen its financial performance and value creation. Metso's strategic goal is to further strengthen its position as a leading technology and services provider for end-to-end minerals processing and to become a leader in flow control within the oil and gas and mining industries. Metso aims to continue the Company's transformation into a more services and products focused company with attractive structural growth and high margin opportunities across its portfolio of services, products and system deliveries.

Metso's core customer industries are mining, oil and gas and aggregates. In addition, Metso serves also certain other process industries. Metso's management believes that Metso has a strong global market position in the Company's core customer industries, which offer attractive long-term growth opportunities. Metso's goal is to have a business model where more than 50 per cent. of activities would consist of services, products would account for sizeable proportion of net sales and system deliveries would concentrate on proprietary technology supporting its future services businesses. Metso's management believes that such portfolio would provide the Company with opportunity for long-term profitability and resilience to the cyclical nature which is typical for its customer industries.

When implementing its strategy, Metso is building on its strengths including customer and partner closeness through global sales and services channels, broad offering to mining and aggregates industries,

broad oil and gas and mining flow control application knowledge, broad offering of valves and pumps technologies for oil and gas and mining, cost competitive offering, leading equipment technologies across the value chain, leading intelligent solutions as well as project management capabilities. Growth is being aimed at both organically and through complementary acquisitions. To achieve its strategic goals, Metso is focusing on and pursuing the following essential themes and key measures:

**Services business.** In the Services business, Metso's goal is to create excellent services, know-how, networks and services culture. Over the past years, Metso has developed a competitive advantage by focusing on the development of its services business that is built on a wide base of installed machinery and equipment. Metso's management believes that in Services, growth will be achieved through new products both in spare and wear parts as well as in performance services. Metso aims to continue to expand its offering and to develop an increasingly strong presence close to its customers. Metso has developed its services business by investing in service centres and personnel resources globally, and by developing its ways of operating. Metso has opened new service centres in Canada, United States (Arizona), Peru, Mexico, United Arab Emirates, Qatar, Germany and France and continues to develop its distribution centres and services hubs. In addition, Metso aims to improve local capability by strengthening its presence as well as sales and pricing tools and by developing account management and processes. Metso has also made strategic corporate acquisitions that complement its technologies and market presence. A key focus area for Metso's research and development is the knowledge-intensive services and supporting technologies. Metso's local presence close to customers and quick availability of high-quality spare and wear parts are essential for the success of the services business. Therefore, Metso has invested and continues to invest in the services business both in developed and emerging growth markets. As customers' new investment volume may plateau in developed markets, machine and process rebuilds and preventive maintenance are becoming an increasingly fundamental part of Metso's business. Demand for the services business is growing also in emerging markets as the installed machine base increases. Growing productivity targets, stricter environmental legislation, safety issues, the aging of skilled workforce, and the longer service life of equipment are affecting the demand for services related to machine and equipment rebuilds and process efficiency. As a result, Metso's management believes that the services business will continue to offer growth opportunities both in the developed markets and the emerging growth markets. In addition, Metso will continue the growth and further development of its full comminution life-cycle services and agreements as well as performance based services.

**Technology offering.** Metso's ambition is to develop a cost competitive and market-driven technology offering and to build capability to embed intelligence into machines, services and processes. Metso aims to maintain its technology leadership with cost-efficient and environmentally sustainable products and process solutions. Building on its tradition of industry-leading advanced technologies, Metso aims to develop and adapt its offering to meet even better the customer needs in emerging growth markets. More localized products, additional production, sourcing and research and development resources are to be allocated in these regions.

**Growth countries.** Metso is a global company with operations in over 50 countries and customers in over 100 countries. Metso aims to further increase its presence in the growth countries including China, India, Asia-Pacific markets and South America. Metso's management believes that these investments allow Metso more flexibility to serve an even broader customer base. Metso's management intends to continue to strengthen Metso's global presence in sales, research and product development, engineering, procurement, production and services all over the world with strong focus on potential in high growth countries. For example, Metso has opened new service centers in Peru, Mexico, United Arab Emirates and Qatar and a new valve technology center in Korea. Metso has strengthened its local presence and won key oil and gas projects in Middle East and achieved strong flow control growth in North America and particularly in oil and gas transportation valves. In addition, Metso's management believes that the Company has had a successful start for the implementation of its mid-market strategy in China.

**Operational excellence.** Metso continuously develops its competencies in order to achieve its short- and long-term strategic goals and profitable growth. Metso's new, more integrated operating model aims to support the strategy implementation. Metso's ongoing capital efficiency program is designed to improve the Company's cost structure and operational efficiency. Metso has also been reorganizing all of its support functions in order to make them more lean and agile and in order to achieve the Company's goal for a more integrated group. Metso aims to develop common global platforms, processes and ways to operate to achieve better customer services and higher efficiency. High quality, reliable on-time deliveries, strong project management and overall cost efficiency are key success factors. The expanding geographical scope of Metso's operations sets new requirements on the management of personnel



competence and performance. Metso continues its focus on, among others, increasing the efficiency of its global supply chain and optimizing the use of and cooperation among its operating entities.

**People and leadership.** Metso aims to be a workplace that attracts talent, supports continuous learning and creates performance-driven teams. Metso further aims for the consistent development of leadership capabilities and continues to develop its global compensation processes.

### **Share Capital and Shares**

On December 31, 2014, Metso's fully paid share capital was €140,982,843.80 and it was divided into 150,348,256 shares. Metso has one class of shares with equal rights for voting and dividends.

The Company's shares are listed on NASDAQ OMX Helsinki. Metso also maintains an American Depositary Receipt ("**ADR**") facility with the Bank of New York Mellon. ADRs representing the Company's shares are traded over-the-counter (OTC) under the symbol "MXCYY" in the United States.

### **Authorizations for Board of Directors**

On March 27, 2015, the Annual General Meeting of shareholders authorized the Company's Board of Directors to decide on the repurchase of the Company's own shares up to a maximum of 10,000,000 shares. Any of the Company's own shares may be repurchased other than in proportion to the shareholdings of the shareholders (*i.e.*, directed repurchase) using the non-restricted equity and may be acquired through public trading on the NASDAQ OMX Helsinki, at the share price formed in public trading on the date of the repurchase or otherwise at a price determined by the market. Such shares may be repurchased in order to develop the capital structure of the Company or to finance or carry out future acquisitions, investments or other transactions related to the Company's business or as a part of its incentive schemes. Any of the Company's own shares so acquired may be held for reissue, cancelled or transferred further. The Company's Board of Directors shall decide on all other matters related to any repurchase of the Company's own shares. The authorization shall be valid until June 30, 2016 and it revokes the repurchase authorization given by the Annual General Meeting of shareholders on March 26, 2014.

On March 26, 2014, the Annual General Meeting of shareholders authorized the Company's Board of Directors to decide on a share issue of a maximum of 15,000,000 new Metso shares and a transfer of a maximum of 10,000,000 shares. The new shares may be issued and the treasury shares may be transferred either against payment or without payment.

In addition, the Annual General Meeting of shareholders held on March 26, 2014 authorized the Company's Board of Directors to grant special rights referred to in Chapter 10, Section 1 of the Finnish Companies Act, which carry the right to receive, against payment, new Metso shares or treasury shares of Metso, in such a manner that the subscription price is paid by using the subscriber's receivables to offset the subscription price ("**convertible bond**"). The number of shares which may be issued or transferred based on the special rights shall not exceed 15,000,000 shares and this number shall be included in the maximum numbers of shares noted in the previous paragraph. The authorization to grant option rights or other special rights entitling to shares is in force until April 30, 2016 and it revoked the repurchase authorization given by the Annual General Meeting of shareholders on March 29, 2012.

The Board of Directors may also decide on a share issue without payment to the Company itself. The number of shares to be issued to the Company shall not exceed 10,000,000 shares including the number of own shares acquired by the Company by virtue of the authorization to repurchase the Company's own shares. The share issue authorization is in force until April 30, 2016 and it revoked the share issue authorization given by the Annual General Meeting of shareholders on March 29, 2012.

The new shares and the special rights referred to in Chapter 10 Section 1 of the Finnish Companies Act may be issued and the treasury shares may be transferred to the shareholders in proportion to their current shareholdings in the Company. The new shares and the special rights referred to in Chapter 10 Section 1 of the Finnish Companies Act may also be issued and the Company's own shares transferred in deviation from the shareholders' pre-emptive rights by way of a directed issue if there is a weighty financial reason for the Company to do so. The deviation from the shareholders' pre-emptive rights may be carried out for example in order to develop the Company's capital structure, in order to finance or carry out acquisitions, investments or other business transactions, or in order to use the shares for incentive schemes. A directed

share issue may be executed without payment only if there is an especially weighty financial reason for the Company to do so, taking the interests of all shareholders into account. The Board of Directors decides on all other matters related to the issuance of shares and special rights entitling to shares referred to in Chapter 10 Section 1 of the Finnish Companies Act.

### **Option Programs**

There are no options outstanding or available from any of Metso's prior option programs for subscription of the Company's shares.

### **Share-Based Incentive Plans**

The Company's Board of Directors approves and implements Metso's share-based incentive plans, which are part of the remuneration program for Metso's management. The purpose of the plans is to align the goals of Metso's management to those of the shareholders in order to increase the value of the Company. The share-based incentive plans also aim to ensure the commitment of the management and to offer them a competitive, ownership-based reward scheme. Any shares to be potentially rewarded are acquired through public trading, and therefore the share-based incentive plans will have no diluting effect on the value of Metso's shares. The share-repurchase and share issue authorizations are obtained from the Annual General Meeting of shareholders.

#### ***Long-Term Incentive Plan 2012-2014***

In December 2011, the Company's Board of Directors decided to establish a new share-based incentive plan for Metso Group's top management. The plan included three performance periods, which were the calendar years 2012, 2013 and 2014. The Company's Board of Directors decided on each performance period, performance criteria and participants.

The potential rewards from the long-term incentive plans will be paid at the end of a two-year vesting period, partly in the Company's shares and partly in cash. The proportion to be paid in cash is intended to cover taxes and tax-related costs arising from the reward to the participants. The reward for each performance period may not exceed 120 per cent. of each participant's annual total base salary. Should a participant's employment or service end for reasons related to the participant concerned before payment falls due, no payment will be made.

#### ***Performance Period 2012***

In December 2011, the Company's Board of Directors decided on the performance criteria for the performance period 2012. The reward was based on the net sales growth of the services business, return on capital employed before taxes and earnings per share. On March 18, 2015, Metso announced that a total of 95,270 shares have been conveyed to the 56 managers participating in the plan as rewards on the basis of the performance period 2012.

#### ***Performance Period 2013***

In December 2012, the Company's Board of Directors decided to continue the share-based incentive plan approved in 2011. At the end of 2014, there were 57 managers participating in the plan. The potential rewards to be paid will be based on the same criteria as in the performance period 2012. The potential rewards to be paid on the basis of the performance period 2013 will correspond to a maximum of 298,776 shares. While the two-year vesting period is still on-going, it can be stated that the targets set for the performance period 2013 were not met and therefore no shares will be delivered in the spring 2016 for the performance period 2013.

#### ***Performance Period 2014***

In December 2013, the Company's Board of Directors decided to continue the share-based incentive plan approved in 2011. At the end of 2014, there were 60 managers participating in the plan and the potential rewards to be paid will be based on the same criteria as in the performance period 2013. The potential rewards to be paid on the basis of the performance period 2014 will correspond to a maximum of 345,060 shares. The members of Metso's current Executive Team may receive a maximum of 95,603 shares as rewards. The potential rewards from the performance period 2014 will be paid at the end of two-year vesting period in spring 2017.

### ***Performance Share Plan 2015***

In December 2014, Metso's Board of Directors decided on a new long-term share-based incentive plan for Metso Group's senior management, with a performance share plan ("**PSP**") as the main structure. In addition, Metso's Board of Directors decided to establish a restricted share plan ("**RSP**") as a complementary share-based incentive structure for specific situations.

The PSP consists of annually commencing performance share plans, each with a three-year earning period. The commencement of each new plan will be subject to a separate approval by the Board of Directors. The first plan ("**PSP 2015**") commenced at the beginning of 2015 and any potential share rewards will be delivered in the spring 2018, if the performance targets set by the Board of Directors are achieved. The potential share reward payable under the PSP 2015 is based on the total shareholder return of Metso's shares during 2015-2017. The PSP 2015 may include a maximum of approximately 100 employees and will comprise a maximum of 400,000 shares, gross before the deduction of applicable payroll tax, as rewards.

### ***Restricted Share Plan***

The complementary RSP consists of annually commencing restricted share plans, each with a three-year vesting period after which the allocated share rewards will be delivered to the participants provided that their employment with Metso continues until the delivery date of the share rewards. The commencement of each new plan is subject to a separate approval by the Board of Directors. The first plan ("**RSP 2015**") commenced at the beginning of 2015 and any potential share rewards will be delivered in the spring 2018. The maximum number of shares that may be allocated and delivered within the RSP 2015 totals 40,000 shares, gross before the deduction of applicable payroll tax.

Metso has a share ownership recommendation policy for the members of Metso's Executive Team, according to which at least fifty per cent. of the share rewards, net shares after the deduction of applicable payroll tax, received by that member under the PSP and RSP shall be retained until the share ownership of that member in Metso amounts to his/her annual gross base salary. If a participant's employment or service ends for reasons relating to the participant before the reward payment, no reward will be paid.

### **Management**

Pursuant to the Finnish Companies Act and the Company's Articles of Association, the Company's control and management is divided among its shareholders, Board of Directors, and President and Chief Executive Officer. In addition, Metso has an Executive Team, which assists the Company's President and Chief Executive Officer in the day-to-day management of Metso. The shareholders can contact Metso's management and Board of Directors through the Company's Investor Relations Department.

### **Shareholders' Nomination Board**

On March 28, 2013, the Annual General Meeting of shareholders resolved to establish a permanent Nomination Board, the members of which preparing proposals for the following Annual General Meeting of shareholders shall include the representatives of the four largest shareholders as of September 1, along with the Chairman of the Board of Directors as an expert member.

On September 1, 2014, Metso's four largest shareholders announced the following representatives for the Nomination Board: Kari Järvinen (Master of Science in Engineering, MBA, born 1962), Managing Director of Solidium; Jonas Synnergren (Master of Science in Business and Economics, born 1977), Partner at Cevian Capital; Risto Murto (Doctor of Science in Economics, born 1963), President and CEO of Varma Mutual Pension Insurance Company; and Harri Sailas (Master of Science in Economics, born 1951), President and CEO of Ilmarinen Mutual Pension Insurance Company. The Nomination Board elected Jonas Synnergren as its Chairman. Mikael Lilius, Chairman of the Board of Directors, serves as its expert member.

The Shareholders' Nomination Board comprises representatives nominated by the four largest shareholders of the Company and the Chairman of the Board of Directors. The right to nominate representatives is vested with the four shareholders of the Company having the largest share of the votes represented by all the shares in the Company annually on September 1 based on the Company's shareholders' register held by Euroclear Finland Ltd. However, if a shareholder who has distributed its holdings e.g., into several funds and has an obligation under the Finnish Securities Markets Act to take

these holdings into account when disclosing changes in share of ownership makes a written request to such effect to the Chairman of the Board of Directors no later than on August 31, such shareholder's holdings in several funds or registers will be combined when calculating the share of votes which determines the nomination right. Should a shareholder not wish to exercise its nomination right, the right shall be transferred to the next largest shareholder who otherwise would not be entitled to nominate a member.

The Chairman of the Board of Directors convenes the first meeting of the Shareholders' Nomination Board, which elects its chairman from among its members. The Shareholders' Nomination Board shall give its proposal to the Board of Directors annually no later than January 31 preceding the next Annual General Meeting of shareholders. The term of office of the members of the Shareholders' Nomination Board expires annually after the new Shareholders' Nomination Board has been appointed.

## Board of Directors

The Company's Board of Directors and President and Chief Executive Officer are responsible for the management of Metso. Other executives have an assisting and supporting role. The Company's Board of Directors seeks to ensure that good corporate governance practice is applied within the Company. The Company's Board of Directors is composed of at least five and no more than eight members. The Company's Board of Directors currently consists of seven members, each of whom was elected by the shareholders at the Annual General Meeting of shareholders of the Company's shareholders held on March 27, 2015, for a term ending at the following Annual General Meeting of shareholders. The members of the Board of Directors may be appointed or removed only by a shareholders' resolution at a General Meeting of shareholders.

The following table lists the names of the members of the Company's current Board of Directors, possible principal occupation and their year of birth.

| <u>Name</u>               | <u>Position</u>                         | <u>Year of Birth</u> |
|---------------------------|---|----------------------|
| Mikael Lilius .....       | Chairman of the Board of Directors      | 1949                 |
| Christer Gardell .....    | Vice Chairman of the Board of Directors | 1960                 |
| Ozey K. Horton, Jr. ....  | Director                                | 1951                 |
| Eeva Sipilä.....          | Director                                | 1973                 |
| Wilson Nelio Brumer ..... | Director                                | 1948                 |
| Lars Josefsson.....       | Director                                | 1953                 |
| Nina Kopola .....         | Director                                | 1960                 |

*Mikael Lilius* has been a member of the Company's Board of Directors and the Chairman since 2013. He is also the Chairman of the Board's Remuneration and HR Committee. Presently, he also serves as the Chairman of the Boards of Directors of Wärtsilä Oy Abp and Mehiläinen Oy. He is also a member of the Board of Directors of Evli Pankki Oyj and a member of the Supervisory Board of Ab Kelonia Oy. Mr. Lilius was the President and CEO of Fortum Oyj in 2000–2009, the President and CEO of Gambro AB in 1998–2000, the President and CEO of Incentive AB in 1991–1998, the President and CEO of KF Industri AB in 1989–1991 and worked in various management positions in Huhtamäki Oyj in 1981–1989, including as the President of the Packing Division of Huhtamäki Oyj in 1986–1989. Mr. Lilius holds a Bachelor of Sciences degree in Economics. He is a Finnish citizen.

*Christer Gardell* has been the Vice Chairman of the Company's Board of Directors since 2013 and a member of the Board since 2006. He is a member of the Board's Remuneration and HR Committee. Mr. Gardell is a member of the Board of Directors of Vesuvius PLC. He co-founded Cevian Capital, a Swedish asset management company, in 2002 and has since worked as its Managing Partner. In 1996–2001, Mr. Gardell was the Chief Executive Officer of AB Custos, the Swedish investment company. Previously, he was a Partner at Nordic Capital and McKinsey & Company. He holds a Master of Science degree in Business Administration and Economics. He is a Swedish citizen.

*Ozey K. Horton, Jr.* has been a member of the Company's Board of Directors since 2011. He is also a member of the Board's Remuneration and HR Committee. He is a member of the Boards of Directors of The Dabbagh Group Holding Co. Ltd, Worthington Industries (U.S.), Spoleto Festival (U.S.), Gaillard Performance Hall Campaign Cabinet (U.S.) and Medical University of South Carolina (MUSC) Hollings Cancer Center. Mr. Horton retired from McKinsey & Company, a management consulting firm, at the end

of February 2011, where he held a variety of positions since 1981 ultimately serving as a Partner and as a Director in the Atlanta office of McKinsey & Company. Mr. Horton also led several practices within McKinsey & Company, most recently as a leader of the global operations practice within the energy and materials sector. In 1978–1981, Mr. Horton worked at Cummins Engine Company serving as Line Manufacturing Manager. In 1977–1978, Mr. Horton worked at Sonoco Products Company serving as Corporate Development Staff and in 1973–1975 he worked at the JE Serrine Company as a Project Engineer. Mr. Horton holds a BSE in Civil and Environmental Engineering from Duke University and an MBA from Harvard Business School. He is a U.S. citizen.

*Eeva Sipilä* has been a member of the Company's Board of Directors since 2012. She is the Chairman of the Board's Audit Committee. Ms. Sipilä has served as the Chief Financial Officer of Cargotec Corporation since 2008. Ms. Sipilä has worked for Cargotec since 2005 and prior to her current role at Cargotec, she was Senior Vice President, Investor Relations and Communications in 2005–2008. In 2002–2005, she worked for Metso Corporation as Vice President, Investor Relations. Before Metso, Ms. Sipilä worked as an equity analyst at Mandatum Stockbrokers, Sampo-Leonia and Leonia Bank in 1999–2002. In 1997–1998, she worked as an associate consultant at Arkwright AB in Sweden. Ms. Sipilä holds a Master of Sciences degree in Economics, and a CEFA from Svenska Handelshögskolan. She is a Finnish citizen.

*Wilson Nelio Brumer* has been a member of the Company's Board of Directors since 2013. Presently, he is the Managing Director at B & P Investimentos e Participações. He is also President and a member of the Board of Directors of Vicenza Mineracao e Participacoes S.A., a member of the Board of Directors of Petra Energia S.A. and Chairman of the Board of Directors of Direcional Engenharia. In 2010–2012, Mr. Brumer served as the CEO of Usiminas. In 2003–2007, Mr. Brumer served as the Secretary of Minas Gerais State for Economic Development. Mr. Brumer holds a Bachelor of Science degree in Business Administration. He is a Brazilian citizen.

*Lars Josefsson* has been a member of the Company's Board of Directors since 2013. He is also a member of the Board's Audit Committee. Presently, Mr. Josefsson works as an independent consultant. He is also the Chairman of the Boards of Directors of Etagef Oy, Finland and Driconeq AB, Sweden and the Vice Chairman of the Board of Directors of Vestas Wind Systems A/S, Denmark. Mr. Josefsson was the Interim President and CEO of Micronic Mydata AB in 2012–2013, the Interim President and CEO of Alimak Hek Group AB in 2012, the President of Sandvik Mining and Construction business area of the Sandvik Group in 2003–2011, the President of Siemens Industrial Turbines AB in 2003 and the President of ALSTOM Power Sweden AB in 1998–2003. Mr. Josefsson holds a Master of Science degree in Engineering Physics. He is a Swedish citizen.

*Nina Kopola* has been a member of the Company's Board of Directors since 2013. She is also a member of the Board's Audit Committee. Ms. Kopola is the President and CEO of Suominen Corporation. She is also a member of the Boards of Directors of Konecranes Plc and The Federation of Finnish Textile and Clothing Industries. In 2011–2014 she was a member of the Boards of Directors of Chemical Industry Federation of Finland and Finnish Plastic Industry Federation. Ms. Kopola was the Executive Vice President of Dynea Europe of Dynea Oy in 2008–2011, the Executive Vice President of Global Market Applications of Dynea Oy in 2006–2008, the Group Vice President of Marketing of Dynea Oy in 2005–2006 and held various management positions in Marketing, Controlling and Business Analysis at Dynea Oy in 2000–2005. Ms. Kopola holds a Master of Science degree in Chemical Engineering. She is a Finnish citizen.

Pursuant to the Finnish Act on Personnel Representation in the Administration of Undertakings (725/1990, as amended), a personnel representative participates in the meetings of the Company's Board of Directors as an invited expert. The representative does not have voting rights, nor is she or he legally responsible for the decisions of the Board of Directors. The representative is elected by Metso's Finnish personnel groups and she or he shall participate to the meetings of the Board of Directors for the same term as that of the members of the Board of Directors have been elected. The current personnel representative in the Board of Directors is Juha Lehtonen, born 1964. Mr. Lehtonen has been employed by Metso (and preceding companies) since 1988 and works as an Inhouse Service Technician. He is a Finnish citizen.

The business address for the Company's Board of Directors is P.O. Box 1220, FI-00101 Helsinki, Finland.

## Chief Executive Officer and the Executive Team

The Company's Board of Directors nominates the Company's President and Chief Executive Officer, who is in charge of the management of Metso's businesses in accordance with the provisions of the Finnish Companies Act and the instructions given by the Board of Directors.

The President and Chief Executive Officer reports to the Board of Directors and keeps it sufficiently informed about the Company's business environment, such as customers, competition and markets, as well as Metso's financial position and other significant matters. The President and Chief Executive Officer prepares the matters on the agenda of the Board of Directors and its committees and implements the decisions made by the Board of Directors and its committees, unless decided otherwise on a case-specific basis by the Board of Directors. The President and Chief Executive Officer also guides and supervises the operations of Metso and its reporting segments. The President and Chief Executive Officer also acts as the chairman for the Executive Team and the Boards of Directors of the reporting segments. The President and Chief Executive Officer and other members designated by the Board of Directors form Metso's Executive Team. The Executive Team assists the President and Chief Executive Officer in the preparation of matters such as Metso's business plans, strategy, policies and other matters of joint importance within the Company's reporting segments and the Company. The Executive Team will convene when called by the President and Chief Executive Officer.

The following table lists the names of the current members of Metso's Executive Team, their current responsibilities within Metso and their year of birth:

| <u>Name</u>              | <u>Position</u>  | <u>Year of Birth</u> |
|--------------------------|--|----------------------|
| Matti Kähkönen.....      | President and Chief Executive Officer                    | 1956                 |
| Harri Nikunen.....       | Chief Financial Officer                                  | 1955                 |
| João Ney Colagrossi..... | President, Minerals                                      | 1955                 |
| Juha Silvennoinen.....   | President, Services                                      | 1961                 |
| Perttu Louhiluoto.....   | President, Flow Control                                  | 1964                 |
| Simo Säaskilahti.....    | Senior Vice President, Strategy and Business Development | 1971                 |
| Merja Kamppari.....      | Senior Vice President, Human Resources                   | 1958                 |

*Matti Kähkönen* has been Metso's President and Chief Executive Officer since March 1, 2011. Mr. Kähkönen served as Metso's Executive Vice President, Deputy to the Chief Executive Officer and as the Vice Chairman of the Metso Executive Team from October 1, 2010 through February 28, 2011. He was also the President of Metso's Mining and Construction Technology reporting segment in 2008–2011, the President of Metso Minerals in 2006–2008 and the President of Metso Automation in 2001–2006. Mr. Kähkönen headed Metso Automation's Field Systems business line in 1999–2001, and served as Division President of Neles Controls in Rauma Corporation in 1993–1999. Mr. Kähkönen holds a Master of Science degree in Engineering. He is a Finnish citizen.

*Harri Nikunen* has been Metso's Chief Financial Officer since March 1, 2011 and Executive Vice President and Deputy to the Chief Executive Officer since November 1, 2013. Prior to that, Mr. Nikunen was the Senior Vice President of Finance of Metso Paper and Fiber Technology in 2005–2011. Mr. Nikunen was the Senior Vice President of Business Infrastructure of Metso in 2004–2005 and in 1994–2004 Mr. Nikunen held various senior business management positions at Metso Minerals Oy. Prior to that, he held various finance management positions at Rosenlew Group. He served as finance manager at Nokia Information Systems Industrial Customers Segment and held various positions at IBM Sweden in 1981–1985. Mr. Nikunen holds a BA degree in Finance and Business Administration. He is a Finnish citizen.

*João Ney Colagrossi* has been the President of Metso's Minerals business area since October 1, 2014. Prior to that, Mr. Colagrossi was the President of Metso's Mining and Construction segment in 2014. In 2009–2013, Mr. Colagrossi was the President of Metso's Services business line in Mining and Construction segment. In 2008–2009, Mr. Colagrossi was the President of Metso's Construction Business Line, Mining and Construction Technology and in 2001–2008 President of Metso South America. Mr. Colagrossi was the President of Latin America Market at Svedala in 1999–2001 and has held various

managerial positions at Svedala, Boliden-Trelleborg and Allis Chalmers in 1979–2001. He is a Brazilian citizen.

*Juha Silvennoinen* has been the President of Metso's Services business area since March 2014, when he joined the Company. Prior to that, Mr. Silvennoinen was Operational Advisor at Clyde Blowers Capital, Glasgow, UK in 2012–2013. Mr. Silvennoinen was Group Vice President at ABB in 2001–2011 and held various managerial positions at ABB in 1993–2001 as well as various sales and R&D positions at ABB in 1987–1993. Mr. Silvennoinen holds a Master of Science degree in Engineering. He is a Finnish citizen.

*Perttu Louhiluoto* has been the President of Metso's Flow Control business area since October 1, 2014. Mr. Louhiluoto was the President of Metso's Automation segment in 2011–2014. Prior to that, since July 1, 2009, he was the Senior Vice President of EMEA Market Area, Mining and Construction Technology. In 2008–2009, Mr. Louhiluoto was the Senior Vice President of Operational Excellence at Metso. Prior to that, Mr. Louhiluoto was a partner at McKinsey & Company in 2000–2008 and held various positions at McKinsey & Company in 1991–1999. Mr. Louhiluoto holds a Master of Laws degree and a Master of Science degree in Economics. He is a Finnish citizen.

*Simo Sääskilähti* has been the Senior Vice President of Metso's Strategy and Business Development since November 1, 2013. Prior to that, Mr. Sääskilähti was Vice President of Business Development at Metso's Automation Segment in 2011–2013. Mr. Sääskilähti held various managerial positions at Comptel Corporation in 2001–2011 and prior to that Mr. Sääskilähti worked at McKinsey & Company in 1997–2001. Mr. Sääskilähti holds a Master of Science degree in Economics and a Master of Science degree in Engineering. He is a Finnish citizen.

*Merja Kamppari* has been the Senior Vice President of Human Resources of Metso since July 2009 and a member of the Executive Team since March 1, 2011. Ms. Kamppari was the Head of Operational Excellence, HR and Head of Global HR of Nokia Siemens Networks in 2007–2009. Prior to that, she held various senior HR management positions at Nokia Networks in 1994–2007. In 1984–1994, Ms. Kamppari held HR positions in Scansped Oy and Eilakaisla Oy. Ms. Kamppari holds a Master of Science degree in Economics. She is a Finnish citizen.

The business address for Metso's executive management is Fabianinkatu 9A, P.O. Box 1220, FI-00101 Helsinki, Finland.

### **Conflicts of Interest**

There are no potential conflicts of interest between any duties of the members of the administrative, management or supervisory bodies of Metso towards Metso and their private interests and/or other duties.

## MAJOR SHAREHOLDERS

When Metso was established in 1999, the Finnish State owned 11.1 per cent. of Metso's total shares and votes. On December 11, 2008, the Finnish State transferred all of its shares in the Company to Solidium, a company which is fully owned by the Finnish State. Neither Solidium nor any other shareholder has any special voting rights.

The following table sets forth the total number of Metso shares owned by the two major shareholders, Solidium and Cevian Capital Partners Ltd., as well as shares owned by members of the Board of Directors, President and Chief Executive Officer Matti Kähkönen, Executive Vice President Harri Nikulainen and their interested parties. The information in the table below is as of December 31, 2014, except for the information relating to the Cevian Capital funds that is based on information notified by the Cevian Capital funds to the Company as of February 6, 2015, when Cevian Capital II Master Fund L.P. transferred its aggregate holding of 7,560,179 Metso shares to Cevian Capital Partners Ltd, which is a wholly-owned subsidiary of Cevian Capital II Master Fund L.P.

| Title of Class | Identity of Person or Group                                | Number of Shares | Percentage |
|----------------|--|------------------|------------|
| Shares         | Solidium Oy  | 17,521,287       | 11.7       |
| Shares         | Cevian Capital Partners Ltd.                               | 20,813,714       | 13.84      |
| Shares         | Members of the Company's Board of Directors <sup>(1)</sup> | 70,707           | 0.05       |

<sup>(1)</sup> Excluding the shares beneficially owned by Mr. Gardell as the CEO and the managing partner of Cevian Capital.

Except as set forth in the table above, Metso's management is not aware of any other person or entity that owns more than five per cent. of the Company's shares.



## **MATERIAL CONTRACTS**

Neither the Issuer nor any of its consolidated subsidiaries has entered into any contracts in the last two years outside of the ordinary course of business that have had or may reasonably be expected to have a material effect on their business or that could result in an Issuer or any of its consolidated subsidiaries being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to the Noteholders in respect of the Notes being issued.

## TAXATION

The following is a general description of certain Finnish tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in the Republic of Finland or elsewhere. Prospective Noteholders should be aware that the particular terms of issue of any series of Notes as specified in the relevant Final Terms may affect the tax treatment of that and other series of Notes.

Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments will be exempt from all Finnish taxes.

***The following is a general guide and should be treated with appropriate caution. Noteholders who are in any doubt as to their tax position should consult their professional advisers.***

This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law or practice that may take effect after such date.

### **Republic of Finland**

Under present Finnish law, payments of the principal of, and interest (if any) on, the Notes will be exempt from all taxes, duties, fees and imposts of whatever nature, imposed or levied by or within the Republic of Finland or by any province, municipality or other political sub-division or taxing authority thereof and therein, except when the Holder of the Note or Coupon to which any such payment relates is subject to such taxation thereon by reason of such Holder being connected with the Republic of Finland otherwise than solely by his holding of such Note or Coupon or the receipt of income therefrom.

Non-residents of Finland are not liable to pay Finnish capital gains tax on Notes that are not connected with a permanent or a fixed base in Finland.

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

### **Luxembourg**

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

#### **Withholding Tax**

(i) *Non resident holders of Notes*

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non resident holders of Notes, which are not profit sharing.

(ii) *Resident holders of Notes*

Under Luxembourg general tax laws currently in force and subject to the law of December 23, 2005, as amended (the "**Law**") mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes. Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is resident of Luxembourg will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law would be subject to withholding tax of 10 per cent.

Responsibility for the withholding of tax in application of the above-mentioned Luxembourg law of December 23, 2005 is assumed by any Luxembourg paying agent within the meaning of this law and not by the Issuer.

In addition, pursuant to the Law, as amended, Luxembourg resident individuals who are the beneficial owners of savings income paid by a paying agent within the meaning of the EU Savings Directive (as defined below) established outside Luxembourg, in a Member State of either the European Union or the European Economic Area, or in a jurisdiction having concluded an agreement with Luxembourg in connection with the EU Savings Directive, can opt to self declare and pay a 10 per cent. tax on these savings income. This 10 per cent. tax is final when Luxembourg resident individuals are acting in the context of the management of their private wealth.

#### **EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the "**EU Savings Directive**"), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income (similar income for these purposes includes any discount element on the issue of the Notes or any premium payable on redemption) paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain entities (as described in Article 4.2 of the EU Savings Directive, each a "**Residual Entity**") established in that other Member State; however, for a transitional period, Austria may instead apply a withholding system in relation to such payments, deducting tax at rates which have risen over time to 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

On 25 November 2014, Luxembourg formally adopted a law, amending the Luxembourg laws of 21 June 2005, putting an end to the withholding tax regime under the EU Savings Directive as from 1 January 2015 and implementing the automatic exchange of information as from that date.

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

The European Council formally adopted a Council Directive amending the EU Savings Directive on 24 March 2014 (the "**Amending Directive**"). The Amending Directive broadens the scope of the requirements described above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive. The changes made under the Amending Directive include extending the scope of the EU Savings Directive to payments made to,

or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

Investors who are in any doubt as to their position should consult their professional advisers.

### **The proposed financial transactions tax ("FTT")**

On February 14, 2013, the European Commission published a proposal (the "Commission's Proposal") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "participating Member States").

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

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

Joint statements issued by participating Member States indicate an intention to implement the FTT by 1 January 2016.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

### **FATCA**

With respect to (i) Notes issued after the date that is six months after the date the term "foreign passthru payment" is defined in regulations published in the U.S. Federal Register (the "Grandfather Date"), or (ii) Notes issued on or before the Grandfather Date that are materially modified after such date, the Issuer may, under certain circumstances, be required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder ("FATCA") to withhold U.S. tax at a rate of 30% on all or a portion of payments of principal and interest which are treated as "foreign passthru payments" made on or after January 1, 2017, at the earliest, to an investor or any other financial institution through which payment on the Notes is made that is a non-U.S. financial institution that is not in compliance with FATCA. As of the date of this Prospectus, regulations defining the term "foreign passthru payment" have not yet been published. If the Issuer issues further Notes on or after the Grandfather Date pursuant to a reopening of a Series of Notes that was created on or before the Grandfather Date (the "original Notes") and such further Notes are not fungible with the original Notes for U.S. federal income tax purposes, payments on such further Notes may be subject to withholding under FATCA and, should the original Notes and the further Notes be indistinguishable for non-tax purposes, payments on the original Notes may also become subject to withholding under FATCA. The FATCA withholding tax may be triggered if: (i) the Issuer is a foreign financial institution (an "FFI," as defined in FATCA), and (ii) the Issuer, or a paying agent through which payments on the Notes are made, has agreed to provide the U.S. Internal Revenue Service (the "IRS") or other applicable authority with certain information on its account holders (making the Issuer or such paying agent a "Participating FFI," as defined in FATCA) and (iii)(a) an investor does not provide information sufficient for the relevant Participating FFI that is making the payment to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of such FFI, or (b) any FFI through or to which payments on the Notes are made is not a Participating FFI.

The United States has concluded several intergovernmental agreements ("IGAs") with other jurisdictions in respect of FATCA. The governments of Finland and the United States have signed an Agreement to Improve International Tax Compliance and to Implement FATCA (the "Finnish IGA"). Under the Finnish IGA, an entity classified as an FFI that is treated as resident in Finnish is expected

to provide the Finnish tax authorities with certain information on U.S. holders of its securities. Information on U.S. holders will be automatically exchanged with the IRS. The Issuer does not expect to be treated as an FFI; however, if the Issuer is treated as an FFI, provided that it complies with the requirements of the Finnish IGA and the Finnish legislation implementing the Finnish IGA, it should not be subject to FATCA withholding on any payments it receives and it should not be required to withhold tax on any “foreign passthru payments” that it makes. Although the Issuer may not be required to withhold FATCA taxes in respect of any foreign passthru payments it makes under the Finnish IGA, FATCA withholding may apply in respect of any payments made on the Notes by any paying agent.

The application of FATCA to interest, principal or other amounts paid on or with respect to the Notes is not currently clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of a Holder’s failure to comply with FATCA, none of the Issuer, any paying agent or any other person would, pursuant to the terms and conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding of such tax.

## SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of BNP Paribas, Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Danske Bank A/S, HSBC Bank plc, Nordea Bank Danmark A/S and Pohjola Bank plc (the "**Dealers**"). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in an amended and restated dealer agreement dated March 31, 2015 (the "**Dealer Agreement**") and made between the Issuer and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

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

### United States of America

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

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

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

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

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

### United Kingdom

Each Dealer has represented and agreed that:

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

- (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
- (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

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

- (b) **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (c) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## Japan

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

## General

With the exception of the approval by the CSSF of this Base Prospectus as a base prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in Luxembourg, no action has been or will be taken in any country or jurisdiction by the Issuer or the Dealers that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Base Prospectus or any Final Terms come are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification, unless relevant only to a particular Tranche of Notes, will be set out in a supplement to this Base Prospectus.

With regard to each Tranche of Non PD Notes or Notes which are the subject of a Drawdown Prospectus, the relevant Dealer will be required to comply with such other additional restrictions as the relevant Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Pricing Supplement or Drawdown Prospectus.

## GENERAL INFORMATION

### **Listing and Admission to Trading**

Application has been made to list Notes issued under the Programme on the official list of the Luxembourg Stock Exchange and admit such Notes to trading on the Regulated Market of the Luxembourg Stock Exchange and may be admitted to listing, trading and/or quotation by such competent authority, stock exchange and/or quotation system as the Issuer and the Relevant Dealer(s) may agree.

However, Notes may be issued pursuant to the Programme which will not be listed on the official list of the Luxembourg Stock Exchange, nor admitted to trading on the Regulated Market of the Luxembourg Stock Exchange nor admitted to listing, trading and/or quotation by any other competent authority, stock exchange and/or quotation system.

### **Authorisations**

The establishment of the Programme was authorised by a resolution of the Board of Directors of the Issuer dated October 30, 2000. The 2015 update of the Programme was authorised by a resolution of the Board of Directors of the Issuer on February 5, 2015. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

### **Clearing of the Notes**

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

### **Clearing Systems**

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of any alternative clearing system(s) will be specified in the relevant Final Terms.

### **Litigation**

The Issuer neither is nor has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months before the date of this Base Prospectus which may have, or have had in the recent past, significant effects on the Issuer's financial position or profitability.

### **No Significant Change and no Material Adverse Change**

There has been no material adverse change in the prospects of the Issuer since December 31, 2014, nor has there been any significant change in the financial or trading position of the Issuer and its subsidiaries, taken as a whole, which has occurred since December 31, 2014.

### **Independent Accountants**

The consolidated financial statements of the Issuer as at and for the years ended December 31, 2013 and December 31, 2014 have been prepared in accordance with IFRS as adopted by the European Union.

The consolidated financial statements for the years ended December 31, 2013 and December 31, 2014 have been audited in accordance with Finnish Standards on Auditing and have been audited by Ernst & Young Oy, Authorised Public Accountants, whose regulated address is Elielinaukio 5 B, FI-00100 Helsinki and who are supervised by the Auditing Board of the Central Chamber of Commerce of Finland. Roger Rejström, Authorized Public Accountant, acts as the responsible auditor.



## **Documents Available for Inspection**

For so long as the Programme remains in effect or any Notes shall be outstanding, copies and (where applicable) English translations of the following documents may be inspected, free of charge, during normal business hours at the specified office of the Fiscal Agent and Noteholders may obtain copies of the Deed of Covenant at their own cost from the registered office of the Issuer during normal business hours:

- (a) the Agency Agreement;
- (b) the Deed of Covenant;
- (c) the constituting documents of the Issuer;
- (d) the audited consolidated financial statements of the Issuer as at and for the financial years ended December 31, 2013 and December 31, 2014;
- (e) a copy of this Base Prospectus together with any supplement to this Base Prospectus or further Base Prospectus; and
- (f) any Final Terms relating to Notes which are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system. In the case of any Notes which are not admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system, copies of the relevant Final Terms will only be available for inspection by the relevant Noteholders. For the avoidance of doubt, the Final Terms relating to any issue of Notes can be obtained at the office of the Paying Agent in Luxembourg and at the registered office of the Issuer.

There is no trustee representing the Noteholders under this Programme.

This Base Prospectus, and in the case of any Notes to be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange, the relevant Final Terms, will be available on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

## **Conditions for Determining Price**

Notes may be issued at any price. The issue price of each Tranche of Notes to be issued under the Programme will be determined by the Issuer and the Relevant Dealer(s) at the time of issue in accordance with prevailing market conditions and the issue price of the relevant Notes will be set out in the relevant Final Terms. In the case of different Tranches of a Series of Notes, the issue price may include accrued interest in respect of the period from the interest commencement date of the relevant Tranche (which may be the issue date of the first Tranche of the Series or, if interest payment dates have already passed, the most recent interest payment date in respect of the Series) to the issue date of the relevant Tranche.

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

## **Conflicts**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions

which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

**REGISTERED OFFICE OF THE ISSUER**

**Metso Corporation**  
Fabianinkatu 9 A  
FI-00130 Helsinki  
Finland

**ARRANGER**

**Citigroup Global Markets Limited**  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
England

**DEALERS**

**BNP Paribas**  
10 Harewood Avenue  
London NW1 6AA  
United Kingdom

**Danske Bank A/S**  
2-12 Holmens Kanal  
DK - 1092 Copenhagen K  
Denmark

**Citigroup Global Markets Limited**  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
England

**Commerzbank Aktiengesellschaft**  
Kaiserstraße 16 (Kaiserplatz)  
60311 Frankfurt am Main Germany

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
United Kingdom

**Nordea Bank Danmark A/S**  
Christiansbro, Strandgade 3  
DK-1401 Copenhagen  
Denmark

**Pohjola Bank plc**  
Teollisuuskatu 1b  
FIN - 00510 Helsinki  
Finland

**FISCAL AGENT, PAYING AGENT AND CALCULATION AGENT**

**Citibank, N.A.**  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
England

## **LEGAL ADVISERS**

*To the Dealers as to English law:*

**Clifford Chance LLP**  
10 Upper Bank Street  
Canary Wharf  
London E14 5JJ  
England

*To the Issuer as to English law:*

**White & Case LLP**  
5 Old Broad Street  
London EC2N 1DW  
England

*To the Issuer as to Finnish law:*

**Asianajotoimisto White & Case Oy**  
Eteläranta 14  
FI-00130 Helsinki  
Finland

## **AUDITORS TO THE ISSUER**

**Ernst & Young Oy**  
Elielinaukio 5B  
FI-00100 Helsinki  
Finland

## **LUXEMBOURG LISTING AGENT**

**Banque Internationale à Luxembourg, société anonyme**  
69, Route d'Esch  
L-2953 Luxembourg