



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 Directive 2003/71/EC, as amended, (the “**Prospectus Directive**”) 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. 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 10 July 2005 relating to prospectuses for securities (*loi relative aux prospectus pour valeurs mobilières*).

Application has been made for Notes 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 is a regulated market for the purposes of the Directive on Markets in Financial Instruments 2004/39/EC (the “**Regulated Market**”). The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with Metso Corporation.

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

BoFA MERRILL LYNCH
DANSKE BANK
NORDEA

CITIGROUP
DEUTSCHE BANK
POHJOLA BANK PLC

SEB

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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.

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 a separate prospectus specific to such Tranche (“**Drawdown Prospectus**”), should be read and construed together with the relevant Final Terms or Drawdown Prospectus.

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 (positive 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. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the Final Terms.

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 operating in the European Union before June 7, 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration has not been refused, (2) 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 (3) 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, 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 “**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 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. 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 applicable 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:	<p>Citigroup Global Markets Limited Danske Bank A/S Deutsche Bank AG, London Branch Merrill Lynch International Nordea Bank Danmark A/S Pohjola Bank plc Skandinaviska Enskilda Banken AB (publ)</p> <p>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.</p>
Fiscal Agent:	Citibank, N.A.
Luxembourg Listing Agent:	Banque Internationale à Luxembourg, société anonyme
Final Terms or Drawdown Prospectus:	<p>Notes issued under the Programme may be issued either (1) pursuant to this Base Prospectus and associated Final Terms or (2) pursuant to a Drawdown Prospectus prepared in connection with a particular Tranche of Notes.</p> <p>For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, complete the Terms and Conditions of the Notes and this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Terms and Conditions of the Notes as supplemented, amended and/or replaced to the extent described in the relevant Final Terms.</p> <p>The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Terms and Conditions of the Notes as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus.</p>
Admission to Listing and to Trading:	Each Series may be admitted to listing on the official list and to trading on the Regulated Market of the Luxembourg Stock Exchange and/or admitted to listing, trading and/or

	<p>quotation by any other competent authority, stock exchange and/or quotation system as may be agreed between the Issuer and the Relevant Dealer and specified in the relevant Final Terms or may be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system.</p>
Clearing Systems:	<p>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.</p>
Initial Programme Amount:	<p>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.</p>
Issuance in Series:	<p>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.</p>
Forms of Notes:	<p>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.</p>
Currencies:	<p>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.</p>
Status of the Notes:	<p>Notes will be issued on an unsubordinated basis.</p>

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 (detailed in a formula, index or otherwise) as may be specified in the relevant Final Terms. Notes may also be redeemable in two or more Instalments on such dates and in such manner as may be specified in the relevant Final Terms.
Optional Redemption:	Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Final Terms.
Tax Redemption:	Except as described in “Optional Redemption” above, early redemption will only be permitted for tax reasons as described in Condition 10(b) (<i>Redemption and Purchase - Redemption for tax reasons</i>).
Interest:	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or be index-linked and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.
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 (<i>Negative Pledge</i>).
Cross Default:	The Notes will have the benefit of a cross default as described in Condition 13 (<i>Events of Default</i>).
Taxation:	All payments in respect of Notes will be made free and clear of withholding taxes imposed within the Republic of Finland, unless the withholding is required by law. In that event, the Issuer will (subject as provided in Condition 12 (<i>Taxation</i>)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.
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 new markets, 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 operations, 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. It is increasingly difficult to gain competitive or cost advantage from manufacturing and therefore Metso must acknowledge the demand for service business. An important part of Metso's business development is the expansion of its operations in emerging markets. Metso aims to increase its local presence and procurement in emerging markets, such as China, India and Brazil. In addition to opportunities, there are also risks related to emerging markets associated with the protection of the Company's intellectual property and its reputation as an ethical corporate citizen. Due to local legislation, it may be difficult to adjust the number of Metso's personnel to correspond with changes in demand. Ability to manage Metso's global supply chain is crucial to its success.

Business development risks also include the risks related to potential mergers and acquisitions, which the Company seeks to take into account 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. 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. 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.

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. 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. The slowing of the growth of the global economy and the uncertainty of financial markets have emphasized the significance of managing business environment risks. The unrest in the Middle East and northern Africa, the uncertainties in the euro area and budget deficits in the United States with potential negative impact on funding from capital markets coupled with strong fluctuations in exchange rates have increased the uncertainty which could slow down the economic recovery particularly in Europe and North America. Despite this, Metso's management estimates that the business environment in Metso's main customer industries continues to gradually improve because of the global trends, such as emerging markets growth, urbanization and increasing importance of environmentally sustainable business solutions. If the recovery in the global economy is interrupted, it might have adverse effects on new projects under negotiations or on projects in

Metso's backlog. Some projects may be postponed or they may be suspended or discontinued. The uncertainty related to Metso's order backlog increased during 2011, and Metso's management estimates that the order backlog as at December 31, 2011 included approximately €350 million in projects, which has uncertain delivery schedules. Metso applies the percentage of completion method to long-term delivery agreements. 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. Geographically, China is currently the main market for new paper and board machines, and, therefore, a significant decrease in demand there could have a negative impact on new equipment sales for the paper and board industry in particular.

Metso's Pulp, Paper and Power and Automation reporting segments are affected by the development of the pulp and paper industry. The excessive production capacity of especially North American and European paper and pulp manufacturers has affected the demand for Metso's products in recent years, although the market situation has been favourable in certain emerging markets. Automation reporting segment is also affected by business cycles in the energy, oil and gas industry. In addition, uncertainties related to the financial markets and support mechanisms for renewable energy may delay final decisions in some projects. The operations of Metso's Mining and Construction reporting segment depend on developments in the construction industry and particularly on the level of infrastructure investments. Metso's Mining and Construction reporting segment is also affected by business cycles in the mining 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 services business and by the range of the customer industries it serves. Also, new equipment sales tend to be more affected by business cycles than the demand for rebuilds and process improvements or the services business, the latter of which Metso is actively aiming to increase, with the Company's large global installed base offering a strong platform. 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.

Market Risks

Changes in the demand of Metso's customer industries affect the Company's operations. Such changes may be related to, for example, general economic cycles, strategy changes in its customer companies, product requirements, or environmental matters. For example, certain customers of Metso's Pulp, Paper and Power reporting segment are increasingly focusing on their own core competencies - paper, board or pulp production - and, as a result, outsourcing their mill servicing business. With these customers, the objective of Metso's Pulp, Paper and Power reporting segment is to enter into long-term service agreements that transfer the main responsibility for process maintenance to Metso. Additionally, 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 through advanced technological know-how, 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 component manufacturing and assembly capacity in emerging markets, such as China, India and Brazil. In these areas, Metso is also closely monitoring the products and services developed by new, local competitors. 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 solutions that are able to compete with their low 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.

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 Mining and Construction 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.

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.

Technology Risks

Metso's technology risks are related to the Company's technological competence 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.

Political, Economic, Cultural and Legislative Trends

Metso's operations and its customers' operations are geographically widespread. Political and social unrest, terrorism and armed conflicts may represent risks to the Company's operations. Metso's operations are also affected by cultural and religious factors and by legislation, particularly the environmental legislation of different countries.

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 rising energy prices and seeks to reduce the energy consumption of its new products. 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

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 know-how is important in securing operational continuity.

Metso aims to anticipate these issues in its succession and recruitment planning and has enhanced awareness of the sector and 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.

Business Interruption Risks

The risks associated with raw materials, subcontractor and supplier network, and customer relationship management are significant for Metso's operations.

Metso's established suppliers in Finland, the United States, Sweden, Germany, Canada and France continue to form 63 per cent. of the Company's procurement. During the past years, the largest increase in Metso's procurement volumes has been in South and Central America and in Asia. There are quality and delivery schedule risks related to new suppliers, and the Company aims to manage these risks with improved monitoring of the suppliers. Metso's management believes that the significance of South and Central 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, which are among the most important raw materials Metso uses, 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 raw materials procurement have decreased in recent years because Metso's operations have increasingly focused on manufacturing and assembling core components. On the other hand, outsourcing has increased the importance of, and the risks related to, suppliers and subcontractors. 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 contracts with its major raw material suppliers and subcontractors in an attempt to limit the purchasing risks related to the availability and pricing of product 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.

Production, Process and Productivity Risks

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 emerging markets. Metso is consolidating its procurement to the most competitive suppliers, and Metso is developing procurement, research and development activities, manufacturing, engineering and maintenance close to its customers. A competitive cost structure requires also the adjustment of resources and cost to correspond with demand. 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 comparable industries. 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 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. 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, exposure to data loss or compromising the confidentiality 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.

Illegal Activities

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 procedures, supervision, 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 Internet, by email or by 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

A significant part of Metso's operations consists of large project deliveries. These 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. 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. 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 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 risks, 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 security instructions. Metso has also sought to prepare for the materialization of hazard risks in Metso's insurance coverage. 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

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, there is a risk that working capital will start to grow again 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 a moderate level in the coming years.

On November 10, 2011, 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 December 22, 2011, Moody's confirmed Metso's existing Baa2 long-term credit rating and changed the outlook to positive. 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, 2011, Metso's cash assets were €757 million and committed credit facilities available for withdrawal were €500 million. The average repayment period of Metso's long-term loan capital is 3.1 years and more than three-quarters of the Company's long-term debt will mature after 2012. None of Metso's loans have covenants that could trigger a premature repayment on the basis of credit ratings. 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 one-half of Metso's net sales originate from outside the euro zone. The Company's main currencies are the euro, the U.S. dollar, the Swedish krona, the Brazilian real, the Australian dollar and the Chinese yuan.

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. The majority of the Company's hedged future currency cash flows relate to its foreign currency-denominated order backlog. In addition, units can hedge anticipated foreign currency denominated cash flows. 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. 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.

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. In addition, any change in the euro against a non-euro investor's functional currency may affect the investor's base currency return on an investment in the Company's shares. The value of dividends and other distributions paid in euro and the value of the share quoted on the NASDAQ OMX Helsinki Ltd. ("NASDAQ OMX Helsinki") in euro could increase or decline as a result.

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 business units in Finland and Sweden 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 next 12-month period with some contracts extended to approximately three years. 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, Metso has entered into average-price swap agreements for nickel. The Alloy Adjustment Factor is based on monthly average prices of its components, of which nickel is the most significant.

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

Metso's business units are primarily responsible for controlling credit risks pertaining to their sales 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 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. 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.

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 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 Shareholder

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 of December 31, 2011, the only person or entity owning more than five per cent. of the Company's share capital was Solidium Oy ("**Solidium**"), a company which is 100 per cent. owned by the Finnish State (11.1 per cent.). The interests of Metso's largest shareholder 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

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 (624/2006, as amended) 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, 2011, Metso's balance sheet included €83 million of goodwill and it constituted 41 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 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.

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

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their principal;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable are likely to be magnified;
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield;
- (viii) a direct investment in the shares, commodities or other assets underlying an index or in a fund that invests in those assets, or in the currencies comprised in a Dual Currency Note, might give rise to different, and potentially higher returns, than an investment in the Index-Linked Interest Notes or Dual Currency Notes; and
- (ix) no statutory, judicial, or administrative authority directly addresses the characterization of Index-Linked Interest Notes or securities similar to Index-Linked Interest Notes for United States federal income tax purposes. As a result, significant United States federal income tax consequences of an investment in such Notes are not certain. Metso has not requested a ruling from the United States Internal Revenue Service for any such Notes and gives no assurance that the Internal Revenue Service will agree with the statements made in this document or the applicable Final Terms relating to those Notes.

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 (positive 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.

DOCUMENTS INCORPORATED BY REFERENCE

The audited consolidated and unconsolidated annual financial statements, together with the accompanying notes and auditor's reports of PricewaterhouseCoopers Oy, contained in the annual report of the Issuer for the years ended December 31, 2010 and 2011 shall be deemed to be incorporated 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 or the specified office of the Luxembourg Listing Agent (as defined below). Such documents will also be available to view on the website of the Luxembourg Stock Exchange (www.bourse.lu).

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

<i>Document and Section Incorporated</i>	<i>Page Reference</i>
Annual Report 2010	
– Consolidated financial statements (prepared in accordance with IFRS as adopted by the European Union) for the year ended December 31, 2010, and comparison 2009 IFRS figures	83-136
– Consolidated Statements of Income	83
– Consolidated Statement of Comprehensive Income	83
– Consolidated Balance Sheets	84-85
– Consolidated Statements of Cash Flows	86
– Consolidated Statements of Changes in Shareholders' Equity	87
– Notes to the Consolidated Financial Statements	88-136
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Information contained in the documents incorporated by reference, other than information listed in the tables above, is for information only.

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 Terms and Conditions of the Notes endorsed on, attached to, or incorporated by reference into, the Notes, as modified and supplemented by the applicable 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 Bank SA/NV (“**Euroclear**”) and/or Clearstream Banking, société anonyme (“**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 13 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons, 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.

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 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 13 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons, 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 supplement, amend and/or replace those terms and conditions.

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

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

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) *Final Terms:* Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of a set of final terms (the "**Final Terms**") which supplements these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as supplemented, amended and/or replaced by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.
- (c) *Agency Agreement:* The Notes are the subject of an amended and restated fiscal agency agreement dated April 4, 2012 (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**").
- (d) *The Notes:* All subsequent references in these Conditions to "**Notes**" are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for inspection and may be obtained during normal business hours at the specified office of the Fiscal Agent, the initial specified office of which is set out below.
- (e) *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 10(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:

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

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

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

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

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

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30”;

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

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

where:

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

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

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

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

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

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30; and

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

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

where:

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

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

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

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

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30,

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

“**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 or the relevant Final Terms;

“**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 or the relevant Final Terms;

“**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, or determined in accordance with, the relevant Final Terms;

“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, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

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

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

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

“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, or determined in accordance with, 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, or determined in accordance with, the relevant Final Terms;

“Optional Redemption Date (Call)” has the meaning given in the relevant Final Terms;

“Optional Redemption Date (Put)” has the meaning given in the relevant Final Terms;

“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 10(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 and/or the relevant Final Terms;

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

“**Reference Banks**” has the meaning given in the relevant Final Terms or, if none, four (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 12 (*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 12 (*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 “**Holder**” 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 11 (*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 and Index-Linked Interest Note Provisions

- (a) *Application:* This Condition 7 is applicable to the Notes only if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest:* The Notes bear interest 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 11 (*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) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
 - (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
 - (A) request the principal Relevant Financial Centre office of each the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to

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

(B) determine the arithmetic mean of such quotations; and

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

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

(iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) 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.

(e) *Index-Linked Interest:* If the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable, the Rate(s) of Interest applicable to the Notes for each Interest Period will be determined in the manner specified in the relevant Final Terms.

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

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

fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a “**sub-unit**” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

- (h) *Calculation of other amounts:* If the relevant Final Terms specify that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Final Terms.
- (i) *Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination, the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.
- (j) *Notifications etc:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 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. Dual Currency Note Provisions

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

10. Redemption and Purchase

- (a) *Scheduled redemption:* Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date 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 11 (*Payments*).
- (b) *Redemption for tax reasons:* The Notes may be redeemed at the option of the Issuer in whole, but not in part:
- (i) at any time (if neither the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable); or
 - (ii) on any Interest Payment Date (if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable),

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

- (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 12 (*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 10(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 10(b).

- (c) *Redemption at the option of the Issuer:* If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall

oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).

- (d) *Partial redemption:* If the Notes are to be redeemed in part only on any date in accordance with Condition 10(c) (*Redemption at the option of the Issuer*), the Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law and the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation, and the notice to Noteholders referred to in Condition 10(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.
- (e) *Redemption at the option of Noteholders:* If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the Holder of any Note redeem, such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 10(e), the Holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Note together with all unmatured 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 10(e), may be withdrawn; *provided, however, that* if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its specified office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 10(e), the depositor of such Note and not such Paying Agent shall be deemed to be the Holder of such Note for all purposes.
- (f) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (e) above.
- (g) *Early redemption of Zero Coupon Notes:* Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
- (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

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

- (h) *Purchase:* The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price 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).

- (i) *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 10(h) (Purchase) above (together with all unmatured Coupons and Receipts and unexchanged Talons cancelled with them) may not be reissued or resold.

11. 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 any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*). 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 11(f) is applicable or that the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are applicable, on the due date for final redemption of any Note or early redemption of such Note pursuant to Condition 10(b) (*Redemption for tax reasons*), Condition 10(c) (*Redemption at the option of the Issuer*), Condition 10(e) (*Redemption at the option of Noteholders*) or Condition 13 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (g) *Unmatured Receipts Void:* On the due date for final redemption of any Instalment Note pursuant to Condition 10(a) (*Scheduled redemption*) or early redemption of such Instalment Note pursuant to Condition 10(b) (*Redemption for tax reasons*), Condition 10(c) (*Redemption at the option of the Issuer*), Condition 10(e) (*Redemption at the option of Noteholders*) or Condition 13 (*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 14 (*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.

12. 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.

13. 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 originally applicable grace period;
 - (ii) any such Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer or (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 any amount payable by it under any Guarantee of any Indebtedness;

provided that the amount of Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any Guarantee referred to in sub-paragraph (iii) above individually or in the aggregate exceeds €15,000,000 (or its equivalent in any other currency or currencies); 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; 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 or threatens to cease 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.

14. 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.

15. 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.

16. 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. 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.

17. 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.

18. 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.

19. 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) 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.

20. Rounding

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

21. 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.

22. 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 Minerals (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 Part XXIII of the Companies Act 1985. 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 will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.

Final Terms dated []

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 April 4, 2012 [and the supplement to the Base Prospectus dated [•]] which [together] constitute[s] a base prospectus (the “**Base Prospectus**”) for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”). 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.

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 at [[address] [and] [website]] and copies may be obtained from [address].

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

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Base Prospectus dated [original date]. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Base Prospectus dated April 4, 2012 [and the supplement to the Base Prospectus dated [date]] which [together] constitute[s] a base prospectus (the “**Base Prospectus**”) for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”), save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] and are attached hereto. This document constitutes the Final Terms 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, the Base Prospectus and the Base Prospectus dated [original date]. The Base Prospectus and the Base Prospectus dated [original date] are available for viewing at [[address] [and] [website]] and copies may be obtained from [address].

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]

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

1. Issuer: Metso Corporation
2. [(i)] Series Number: []
 [(ii)] [Tranche Number: []
 (If fungible with an existing Series,
 details of that Series, including the date
 on which the Notes become fungible).]
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount:
 [(i)] Series: []
 [(ii)] Tranche: []
5. [(i)] Issue Price: [] per cent. of the Aggregate Nominal
 Amount [plus accrued interest from *[insert
 date]* (in the case of fungible issues only, if
 applicable)]
6. (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: []
7. [(i)] Issue Date: []
 [(ii)] Interest Commencement Date []
 (if different from the Issue Date):
8. Maturity Date: *[Specify date or (for Floating Rate Notes)
 Interest Payment Date falling in or nearest to the
 relevant month and year.]*

*[If the Maturity Date is less than one year from
 the Issue Date and either (a) the issue proceeds
 are received by the Issuer in the United Kingdom
 or (b) the activity of issuing the Notes is carried
 on from an establishment maintained by the
 Issuer in the United Kingdom, (i) the Notes must
 have a minimum redemption value of £100,000
 (or its equivalent in other currencies) and be
 sold only to “professional investors” or (ii)
 another applicable exemption from Section 19 of*

the FSMA must be available.]

9. Interest Basis: [] per cent. Fixed Rate]
[[*specify reference rate*] +/- [] per cent. Floating Rate]
[Zero Coupon]
[Index-Linked Interest]
[Other (*specify*)]
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
[Index-Linked Redemption]
[Dual Currency]
[Instalment]
[Other (*specify*)]
11. Change of Interest or Redemption/Payment Basis: [*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis*]
12. Put/Call Options: [Noteholder Put Option]
[Issuer Call Option]
[(further particulars specified below)]
13. [(i)] Status of the Notes: Senior
[(ii)] [Date [Board] approval for issuance of Notes obtained: []
(*N.B Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes*)]
14. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **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 [as adjusted 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]

16. **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/other (give details)]

(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) (if not the Fiscal Agent): [[Name] shall be the Calculation Agent (no need to specify if the Fiscal Agent is to perform this function)]

(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)]

(vii) ISDA Determination:

– Floating Rate Option: []

– Designated Maturity: []

– Reset Date: []

- (viii) Margin(s): [+/-] [] per cent. per annum
- (ix) Minimum Rate of Interest: [] per cent. per annum
- (x) Maximum Rate of Interest: [] per cent. per annum
- (xi) Day Count Fraction: []
- (xii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: []
17. **Zero Coupon Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Accrual Yield: [] per cent. per annum
- (i) Reference Price: []
- (ii) Any other formula/basis of determining amount payable: *[Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition 10(g) (Early redemption of Zero Coupon Notes)]*
18. **Index-Linked Interest Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Index/Formula/other variable: *[Give or annex details]*
- (ii) Calculation Agent responsible for calculating the interest due: []
- (iii) Provisions for determining interest where calculated by reference to Index and/or Formula and/or other variable: []
- (iv) Interest Determination Date(s): []
- (v) Provisions for determining interest where calculation by reference to Index and/or Formula is impossible or impracticable or otherwise disrupted: []
[Need to include a description of a market disruption or settlement disruption events and adjustments provided]
- (vi) Interest or calculation period(s): []
- (vii) Specified Period/Interest Payment Dates: []
- (Specified Period and Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or*

Eurodollar Convention. Otherwise, insert "Not Applicable")

- (viii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (ix) Additional Business Centre(s): []
- (x) Minimum Rate of Interest: [] per cent. per annum
- (xi) Maximum Rate of Interest: [] per cent. per annum
- (xii) Day Count Fraction: []

19. **Dual Currency Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Rate of Exchange/method of calculating Rate of Exchange: [*Give details*]
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: []
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable or otherwise disrupted: []
[Need to include a description of a market disruption or settlement disruption events and adjustments provided]
- (iv) Person at whose option Specified Currency(ies) is/are payable: []

PROVISIONS RELATING TO REDEMPTION

20. **Call Option** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (ii) Optional Redemption Date(s) (Call): []
- (iii) Optional Redemption Amount(s) (Call) of each Note and 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: []

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

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

- (i) Optional Redemption Date(s) (Put): []
- (ii) Optional Redemption Amount(s) (Put) and method, if any, of calculation of such amount(s): [] per Calculation Amount
- (iii) Notice period (if other than as set out in the Conditions): []

22. **Final Redemption Amount of each Note**

In cases where the Final Redemption Amount is Index-Linked or other variable-linked: [[] per Calculation Amount/see Appendix]

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

23. **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 *(if both the Early Redemption Amount (Tax) and the Early Termination Amount are the principal amount of the Notes/specify the Early Redemption Amount (Tax) and/or the Early Termination Amount if different from the principal amount of the Notes)*]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes: Bearer:
[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]¹
[Temporary Global Note exchangeable for Definitive Notes on [] days' notice]¹
[Permanent Global Note exchangeable for Definitive Notes [on [] days' notice or] in the limited circumstances specified in the Permanent Global Note]¹
25. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/give details. Note that this item relates to the place of payment, and not interest period end dates, to which items 15(ii), 16(iii) and 18(ix) relate]
26. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
27. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details]
28. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/give details]
29. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions annexed to these Final Terms apply]
30. Consolidation provisions: [Not Applicable/The provisions [in Condition 18 (Further Issues)] [annexed to these Final Terms] apply]
31. Other final terms: [Not Applicable/give details]
(When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

DISTRIBUTION

32. (i) If syndicated, names and addresses [Not Applicable/give names]

¹ 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.

and underwriting commitments of
Managers:

(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Manager)

- (ii) Date of [Subscription] Agreement: []
- (iii) Stabilising Manager (if any): [Not Applicable/give name(s)]
33. If non-syndicated, name and address of Dealer: [Not Applicable/give name and address]
34. TEFRA: [Not Applicable/The [C/D] Rules are applicable]
35. Total commission and concession: [] per cent. of the Aggregate Nominal Amount
36. Additional selling restrictions: [Not Applicable/give details]

[ADMISSION TO TRADING]

These Final Terms comprise the final terms required for the Notes described herein to be admitted to trading on the [Regulated Market of the Luxembourg Stock Exchange] pursuant to the €1,500,000,000 Euro Medium Term Note Programme of Metso Corporation.]

RESPONSIBILITY

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

Signed on behalf of the Issuer

By:

Duly authorised

PART B - OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing: [Luxembourg/other (*specify*)/None]
- (ii) Admission to trading: [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 []] [Not Applicable] (*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

Ratings: The Notes to be issued have been rated:

[Standard & Poor's: []]

[Moody's: []]

[[Other]: []]

[[Insert credit rating agency] is established in the European Union and has applied for registration under Regulation (EU) No 1060/2009, as amended, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority] [and [insert credit rating agency] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation].]

[[Insert credit rating agency] is established in the European Union and registered under Regulation (EU) No 1060/2009, as amended. [As such [insert credit rating agency] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]]

[[Insert credit rating agency] is not established in the European Union and has not applied for registration under Regulation (EU) No 1060/2009, as amended.] [[Insert credit rating agency] is therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]

[[Insert credit rating agency] is not established in the European Union and has not applied for registration under Regulation (EU) No

1060/2009, as amended [and is therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation] but has/have been endorsed by (and for the purposes of that Regulation is/are deemed to be issued by) [full name of legal entity] which is an entity established in the European Union and registered under that Regulation] [(and which, as such, is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation)].

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 operating in the European Union before June 7, 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration has not been refused, (2) 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 (3) 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, a list of credit rating agencies registered and certified in accordance with the CRA Regulation. 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 rating is not a recommendation to buy, hold or sell securities and may be subject to suspension, cancellation or withdrawal at any time.

(Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider)

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating)

3. **[NOTIFICATION]**

The *[include name of competent authority in home Member State of the European Economic Area]* *[has been requested to provide/has provided - include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues]* the *[include names of competent authorities of host Member States]* with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.]

4. **[INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]**

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

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

(When adding any other description, consideration should be given as to whether the matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

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

(i) Reasons for the offer: []

(See “Use of Proceeds” wording in Base Prospectus - if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here)

(ii) Estimated net proceeds: []

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

(iii) Estimated total expenses: [] *[Include breakdown of expenses.]*

(Only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above)

6. **[Fixed Rate Notes only - YIELD]**

Indication of yield: []

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

7. **[Index-Linked Interest or other Variable-Linked Interest Notes only - PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION]**

CONCERNING THE UNDERLYING VARIABLE

(Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained. Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information. Where the underlying is a security need to include the name of the issuer of the security and the International Securities Identification Number (ISIN) or equivalent identification number. Where the underlying is a basket of underlyings, need to include the relevant weightings of each underlying in the basket. Also need to include any other relevant information concerning the underlying, including a description of any market disruption or settlement events that affect the underlying.)

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

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]/does not intend to provide post-issuance information].

8. **[Dual Currency Notes only - PERFORMANCE OF RATE[S] OF EXCHANGE**

(Need to include details of where past and future performance and volatility of the relevant rate [s] can be obtained.)

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

9. **OPERATIONAL INFORMATION**

- (i) ISIN Code: []
- (ii) Common Code: []
- (iii) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- (iv) Delivery: Delivery [against/free of] payment]
- (v) Names and addresses of additional Paying Agent(s) (if any): []

SUMMARY 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 April 4, 2012 (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 a summary 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 option contained in Condition 10(e) (*Redemption at the option of Noteholders*) the bearer of the Permanent 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 10(c) (*Redemption at the option of the Issuer*) in relation to some only of the Notes, the Permanent 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 19 (*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 19 (*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).

METSO CORPORATION

Introduction

Metso and its subsidiaries form a global supplier of sustainable technology and services, which designs, develops and produces systems, automation solutions, machinery and equipment for process industries. The main customer industries operate in mining, construction, oil and gas, pulp, paper as well as power generation industries.

Metso was created as the result of the merger of Valmet Corporation and Rauma Corporation in July 1999. 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. Svedala was integrated in Metso’s Mining and Construction reporting segment. On December 29, 2006, Metso completed the acquisition of the Pulp and Power businesses from Aker Kvaerner ASA of Norway. The acquired Pulp and Power businesses were consolidated into Metso’s balance sheet as at December 31, 2006. At the end of 2009, Metso acquired Tamfelt Corporation (“Tamfelt”), one of the world’s leading suppliers of technical textiles. Tamfelt became Metso’s new Fabrics business line.

In 2011, Metso had total net sales of €6,646 million, of which approximately 95 per cent. related to sales by international operations and to exports from Finland, and an operating profit of €572 million.

As of December 31, 2011, the Company’s total assets amounted to €6,618 million and Metso had 30,324 employees worldwide.

Metso is a stock corporation organized in the Republic of Finland under the Finnish Companies Act, with 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.

Recent Developments

In December 2011, Metso announced that it has won a patent infringement lawsuit against Terex Corporation, one of its subsidiaries and two of its dealers in the United States. On December 9, 2011, the Federal District Court for the Eastern District of New York affirmed the jury’s verdict of December 6, 2010 according to which the defendants had willfully infringed Metso’s U.S. patent relating to mobile crushing and screening machines. Due to the willfulness of the infringement, the court doubled the original damages award to US\$31.6 million covering the infringing sales from March 2000 through October 2007. In addition, the defendants will have to pay for additional compensation covering infringing sales after October 2007, which will be accounted for later and also doubled. The final compensation for Metso will also include interest. In July 2011, the court issued an order permanently barring the defendants from marketing their mobile screening machines that were found infringing Metso’s patents. If the court’s decision is appealed, the lawsuit will continue in the appeals court. Metso will book the compensation in its financial statements only after the final outcome of the lawsuit is clear.

In February 2012, Metso announced that it had received an arbitration award in its favour amounting to €10 million and approximately €2 million in interest. The arbitration related to a large project delivery in Turkey. The arbitral tribunal denied substantially the claims made against Metso and its decision is final. Metso will book the amount awarded in its financial statements when the payment has been received.

Legal Structure

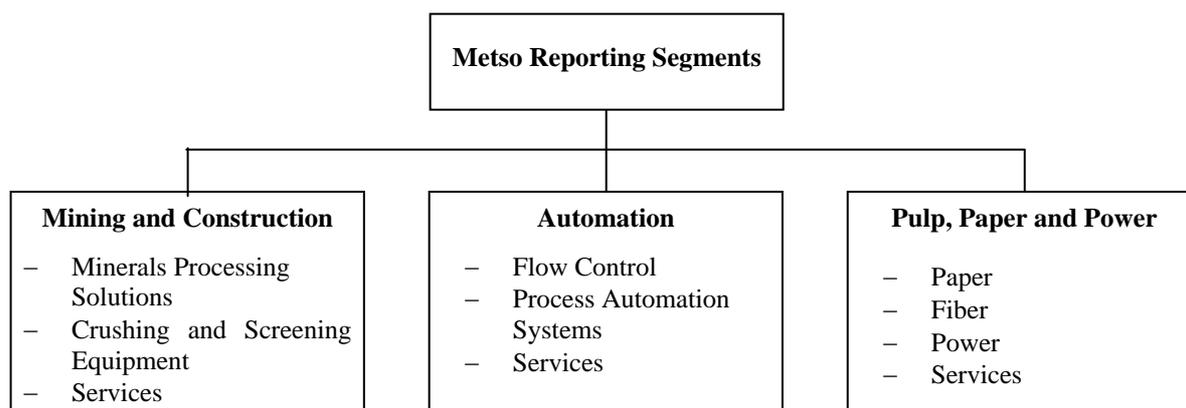
Metso Corporation is the parent company of the Metso Group. For a description of Metso’s subsidiaries, please see Note 31 to Metso’s consolidated financial statements for the year ended December 31, 2011 incorporated by reference to this Base Prospectus. In addition to the subsidiaries mentioned in Note 31 to Metso’s consolidated financial statements for the year ended December 31, 2011, in March 2012, Metso acquired all of the issued and outstanding shares of Valstone Control Inc. Metso is not dependent on any of its group entities.

Corporate Structure

In September 2011, Metso published a new segment structure, which has been effective as of December 1, 2011. The new reporting segments are Mining and Construction, Automation, and Pulp,

Paper and Power consisting of a total of ten business lines. Valmet Automotive and Recycling are reported under Group Head Office and other.

- **Mining and Construction** supplies technology, processes, machinery and services for aggregates production, construction, mining and minerals processing. Mining and Construction consists of Minerals Processing Systems, Crushing and Screening Equipment as well as Services business lines.
- **Automation** supplies process industry flow control solutions, automation and information management systems and applications and services. Automation consists of Flow Control, Process Automation Systems and Services business lines.
- **Pulp, Paper and Power** supplies processes, machinery, equipment, services, paper machine clothing and filter fabrics for the pulp, paper and power industries. Pulp, Paper and Power consists of Paper, Fiber, Power and Services business lines.



The financial information, including net sales and operating profit for the year ended December 31, 2010, in this Base Prospectus is presented according to Metso’s current operational structure effective as of December 1, 2011, 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:

	Year ended December 31	
	2010	2011
	(unaudited)	(audited)
	(€in millions)	
Mining and Construction	2,235	2,760
Automation	650	770
Pulp, Paper and Power	2,453	2,703
Recycling	190	212
Valmet Automotive	84	281
Group Head Office and other	-	-
Group Head Office and others total	274	493
Intra Metso net sales	(60)	(80)
Metso total	5,552	6,646

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

	Year ended December 31	
	2010	2011
	(unaudited)	(audited)
	(€in millions)	
Mining and Construction.....	290.4	313.1
Automation.....	65.6	99.7
Pulp, Paper and Power	115.8	189.2
Recycling.....	0.3	(0.1)
Valmet Automotive	(6.4)	3.4
Group Head Office and other	(20.5)	(33.5)
Group Head Office and others total	(26.6)	(30.2)
Metso total.....	<u>445.2</u>	<u>571.8</u>

Ratings

Metso aims to maintain a solid investment grade credit rating. On December 22, 2011, Moody's affirmed Metso's existing Baa2 long-term credit rating and raised the outlook from stable to positive. On November 10, 2011, 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. None of Metso's loans have covenants that could trigger a premature repayment on the basis of credit ratings. 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 aims to achieve sustainable, profitable growth over the long-term. The Company's goal is to exploit the opportunities offered by identified long-term trends, such as globalizing economies, markets in high growth countries, demographic changes, and need for sustainable environmentally efficient technologies. At the same time, Metso is continuing measures to improve competitiveness and cash flows and to secure the Company's profitability. This requires continuous improvement of Metso's operations, including productivity growth, operational excellence, quality management and cost competitiveness.

When implementing its strategy, Metso is building on its strengths including knowledge of customers' processes, technology know-how, comprehensive products and services offering, installed equipment base, eco-efficient solutions, long-term customer relationships and position in emerging markets. Growth is being aimed at both organically and through complementary acquisitions. To achieve its strategic goals, Metso is focusing and pursuing the following essential themes and key measures:

Services business. 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 has developed its services business by investing in service centres and personnel resources globally, and by developing its ways of operating. 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.

Growth countries. Metso is a global company with operations in over 50 countries and customers in over 100 countries. Metso is strengthening its presence and competence especially in markets in which it expects its customers' businesses to grow strongly in the long-term, such as China, India, and South America. Metso's management believes that these investments allow Metso more flexibility to serve an even broader customer base, for example, pulp and paper industry in China. To meet the growing demand for Metso's mining and construction products in particular in India, Metso Park manufacturing and distribution centre has been established there. 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.

Technology. Metso's ambition is to maintain its technology leadership with cost-efficient and environmentally sustainable products and process solutions. Key areas include renewable energy sources, recycling, material and energy efficiency, water conservation, and reduction of emissions. 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. For more localized products, additional production, sourcing and research and development resources are to be allocated in these regions.

Operating model and people. Metso continuously develops its competencies in order to achieve its short- and long-term strategic goals. 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 chains and optimizing the use of and cooperation among its operating entities. Metso aims to be a workplace that attracts talent, supports continuous learning and creates performance-driven teams.

Share Capital and Shares

On December 31, 2011, Metso's fully paid share capital was €240,982,843.80 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 29, 2012, the Annual General Meeting of shareholders authorized the Company's Board of Directors to decide on the repurchase and/or acceptance as pledge 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 and/or accepted as pledge 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 and/or acceptance as pledge of the Company's own shares. The authorization shall be valid until June 30, 2013 and it revokes the repurchase authorization given by the Annual General Meeting of shareholders on March 30, 2011.

On March 29, 2012, the Annual General Meeting of shareholders also 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 29, 2012 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, 2015 and it revokes the repurchase authorization given by the Annual General Meeting of shareholders on March 30, 2011.

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, 2015 and it revokes the share issue authorization given by the Annual General Meeting of shareholders on March 30, 2011.

The new shares and the special rights referred to in Chapter 10 Section 1 of the 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 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 Companies Act.

Changes to the Company's Articles of Association

On March 29, 2012, the Annual General Meeting of shareholders resolved to amend sections 8 and 10 of the Company's Articles of Association. The registration of the amendment is currently pending with the Finnish Trade Register and will become effective upon registration. The new wording of section 8 reads as follows:

"8 § Notice to convene a meeting

The notice to convene a General Meeting of shareholders must be delivered to the shareholders by publishing the notice on the Company's website or by a newspaper announcement which is published in one or more widely circulated newspapers chosen by the Board of Directors or otherwise in a verifiable way no more than three (3) months and no less than three weeks before the meeting, and in any case at least nine days before that General Meeting record date referred to in Chapter 4, Section 2.2 of the Companies Act.

In order to take part in a General Meeting a shareholder must register with the Company at the latest on the date mentioned in the notice, which may not be earlier than ten (10) days before the General Meeting."

Section 10 regarding the obligation to redeem shares was removed from the Company's Articles of Association.

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 Ownership Plan

In October 2008, the Company's Board of Directors approved a share-based incentive plan for Metso's management, Metso Share Ownership Plan 2009-2011. The plan includes one three-year earnings period, which began on January 1, 2009 and ended on December 31, 2011. Any possible reward from the plan required continued employment with Metso and reaching the financial targets set for the plan. The plan required participants' personal investment in the Company's shares at the beginning of the plan. As at December 31, 2011, 84 key persons were participating in the plan and

their initial investment was 52,550 shares, which must be held by the persons participating in the plan until the end of the earnings period. The rewards to be paid from the plan correspond to a maximum of 354,975 shares. The reward will be paid in the Company's shares and partly in cash. The cash-settled portion is dedicated to cover taxes and tax-related payments. The maximum share reward is capped to each participant's taxable annual basic salary, excluding performance bonuses and share-based payments, multiplied by 1.5. The equity-settled portion of the plan is recognized over the vesting period, *i.e.*, from the beginning of 2009 until the end of April 2012, based on calculated fair value of the Metso share as of the grant date of EUR 8.64. The historical development of the Metso share and the expected dividends have been taken into account when calculating the fair value. These shares for the plan must be acquired in public trading and therefore the plan will have no diluting effect on value of the Company's shares.

In October 2009, the Company's Board of Directors approved a share-based incentive plan for Metso's management, Metso Share Ownership Plan 2010-2012. The plan is continuation of the 2008 share-based incentive plan. The plan includes one three-year earning period, which began on January 1, 2010 and will end on December 31, 2012. The plan required participants' personal investment in the Company's shares at the beginning of the plan. As at December 31, 2011, 88 key persons were participating in the plan and their initial investment was 48,800 shares, which must be held by the persons participating in the plan until the end of the earnings period. The rewards to be paid from the plan correspond to a maximum of 329,600 shares. The reward will be paid in the Company's shares and partly in cash. The cash-settled portion is dedicated to cover taxes and tax-related payments. The maximum share reward is capped to each participant's taxable annual basic salary, excluding performance bonuses and share-based payments, multiplied by 1.5. The equity-settled portion of the plan is recognized over the vesting period, *i.e.*, from the beginning of 2010 until the end of April 2013, based on calculated fair value of the Metso share as of the grant date of EUR 22.63. The historical development of the Metso share and the expected dividends have been taken into account when calculating the fair value. The shares for the plan must be acquired in public trading and therefore the plan will have no diluting effect on value of the Company's shares.

In September 2010, the Company's Board of Directors approved a share ownership plan for 2011-2013. The plan includes one three-year earnings period. The plan requires participants' personal investment in the Company's shares at the beginning of the program. Any possible reward from the plan requires continued employment with Metso and reaching the financial targets set for the plan. As at December 31, 2011, 72 key persons were participating in the plan and their initial investment was 35,615 shares, which must be held by the persons participating in the plan until the end of the earnings period. The rewards to be paid from the plan correspond to a maximum of 243,898 shares. The reward will be paid in the Company's shares and partly in cash. The cash-settled portion is dedicated to cover taxes and tax-related payments. The maximum share reward is capped to each participant's taxable annual basic salary, excluding performance bonuses and share-based payments, multiplied by 1.5. The equity-settled portion of the plan is recognized over the vesting period, *i.e.*, from the beginning of 2011 until the end of April 2014, based on calculated fair value of the Metso share as of the grant date of EUR 37.37. The historical development of the Metso share and the expected dividends have been taken into account when calculating the fair value. The shares for the plan must be acquired in public trading and therefore the plan will have no diluting effect on the value of the Company's shares.

In December 2011, the Company's Board of Directors decided on a new share-based incentive plan for the group's top management. The plan includes three performance periods, which are the calendar years 2012, 2013 and 2014. The Company's Board of Directors shall decide on the performance criteria, targets and participants at the beginning of each performance period. For the performance period 2012, the plan is targeted to approximately 100 persons in Metso's management, and the potential reward of the plan for the performance period 2012 is based on the net sales growth of the services business, return on capital employed before taxes, and earnings per share. The reward will be paid in the Company's shares and partly in cash. The potential rewards to be paid on the basis of the performance period 2012 will correspond to a maximum of approximately 450,000 shares.

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, Metso's management and Board of Directors through the Company's Investor Relations Department.

Nomination Board

The Nomination Board established by the Annual General Meeting of shareholders prepares proposals concerning members of the Board of Directors and their compensation for the following Annual General Meeting of shareholders. The Nomination Board consists of representatives appointed by the Company's four largest shareholders at a pre-determined date each year. If a shareholder chooses not to exercise its right to appoint a member to the Nomination Board, this right is transferred to the next largest shareholder. In addition, the Nomination Board includes the Chairman of the Board of Directors as an expert member. The Chairman of the Board of Directors convenes the Nomination Board, which elects its chairman from among its members.

On March 30, 2011, the Annual General Meeting of shareholders resolved that the members of the Nomination Committee preparing proposals for the following Annual General Meeting of shareholders shall include the representatives of the four largest shareholders as of October 1, 2011, along with the Chairman of the Board of Directors as an expert member.

Metso's four largest shareholders as of October 3, 2011 announced the following representatives for the Nomination Board: Kari Järvinen (M.Sc. Engineering, MBA, born 1962), Managing Director, Solidium Oy; Lars Förberg (M.Sc. Econ. & Bus. Adm., born 1965), Managing Partner of Cevian Capital; Harri Sailas (M.Sc. Econ. & Bus. Adm., born 1951), CEO of Ilmarinen Mutual Pension Insurance Company; and Matti Vuoria (Master of Laws, BA, born 1951), Managing Director, President and CEO of Varma Mutual Pension Insurance Company. The Nomination Board elected Kari Järvinen as its Chairman, and Jukka Viinanen, Chairman of the Board of Directors, served as its expert member.

On March 29, 2012, the Annual General Meeting of shareholders resolved that the members of the Nomination Committee preparing proposals for the following Annual General Meeting of shareholders shall include the representatives of the four largest shareholders as of October 1, 2012, along with the Chairman of the Board of Directors as an expert member, and the new Nomination Committee shall present its proposal to the Company's Board of Directors no later than February 1, 2013.

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 29, 2012, 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 or employment and their year of birth.

Name	Position	Year of Birth
Jukka Viinanen	Chairman of the Board of Directors	1948
Mikael von Freneckell	Vice Chairman of the Board of Directors	1947
Christer Gardell	Director	1960
Erkki Pehu-Lehtonen	Director	1950
Pia Rudengren	Director	1965
Ozey K Horton, Jr.	Director	1951
Eeva Sipilä	Director	1973

Jukka Viinanen has been a member of the Company's Board of Directors since 2008 and the Chairman since 2009. He is also the Chairman of the Board's Remuneration and HR Committee.

Presently, Mr. Viinanen is the Vice Chairman of the Board of Directors of Kemira Oyj. He is also a member of the Supervisory Board of the Finnish Medical Foundation. Mr. Viinanen has previously been the Senior Advisor to the Board of Directors at Orion Corporation from January 2008 until end of February 2008 after which he retired, the President and Chief Executive Officer of Orion Corporation during the years 2000-2007 and the President and Chief Executive Officer of Neste Corporation during the years 1997-1999 and has held Executive and Board member positions in Neste during the years 1990-1999. Prior to that, in 1980-1990, he was employed by Neste Oy, Chemicals, serving as Executive Vice President from 1988-1990. He also held various positions in Pekema Oy between 1973-1979. Mr. Viinanen holds a Master of Science degree in Chemical Engineering. He is a Finnish citizen.

Mikael von Frenckell has been a member of the Company's Board of Directors since 2010. He is a member of the Board's Remuneration and HR Committee. Mr. von Frenckell is the Chairman of the Board of Directors of Waldemar von Frenckell Foundation. He is also a member of Antti Ahlströmin perilliset Oy and a Delegation member of Åbo Akademi Foundation. In 1990-1995, Mr. von Frenckell held various positions in the Union Bank of Finland ultimately serving as the Executive Vice President and a member of the Executive Committee in 1993-1995. Prior to that, he was branch director and the Executive Vice President of Sponsor Oy in 1985-1990, the President of Ekström Oy in 1983-1985 and of Pierre Robert/Suomen Unilever Oy in 1981-1983. Mr. von Frenckell holds a Master of Social Sciences degree. He is a Finnish citizen.

Christer Gardell has been a member of the Company's Board of Directors since 2006. He is a member of the Board's Remuneration and HR Committee. Mr. Gardell is a member of the Board of Tieto Oyj. He founded Cevian Capital, a Swedish asset management company, in 2001 and has since worked as Managing Partner in the company. In 1996-2001, Mr. Gardell was Chief Executive Officer of AB Custos. Previously, he was Partner at Nordic Capital and McKinsey & Company. He holds a Master of Business Administration degree. He is a Swedish citizen.

Erkki Pehu-Lehtonen has been a member of the Company's Board of Directors since 2010. He is also a member of the Board's Audit Committee. Mr. Pehu-Lehtonen is currently the Chairman of the Board of Directors of Raute Corporation and a member of the Board of Directors of Tekla Corporation. He acted as the President and Chief Executive Officer of Pöyry Plc in 1999-2008. He joined Pöyry group of companies in 1994; in 1994-1996, he was the Executive Vice President of Jaakko Pöyry Oy, a subsidiary of Jaakko Pöyry Plc, and, in 1996-1999, the President of the company. Prior to Pöyry group of companies, Mr. Pehu-Lehtonen held executive positions, among others, in Neles-Jamesbury Inc and Valmet Paper Machinery Inc. Mr. Pehu-Lehtonen holds a Master of Science degree in Mechanical Engineering. He is a Finnish citizen.

Pia Rudengren has been a member of the Company's Board of Directors since 2009. She is the Chairman of the Board's Audit Committee. Ms. Rudengren is presently a member of the Boards of Directors of Tikkurila Oyj, WeMind Digital Psykologi AB, Duni AB, Swedbank AB and Social Initiative Ab. She is also the Chairman of the board's Audit Committee of Duni AB, a member of the board's Audit Committee of Tikkurila Oyj and a member of Risk and Capital Committee of Swedbank AB. From 1990, Ms. Rudengren held a variety of positions at Investor AB, ultimately serving as Chief Financial Officer and member of the Management Group in 1998-2001. In 2001-2005, Ms. Rudengren was Executive Vice President of W Capital Management AB. Since 2006, Ms. Rudengren has worked as a board professional, serving on the boards of several companies in Sweden including Q-MED AB where she was the Chairman of the Board until February 2009. Ms. Rudengren holds a Master of Science degree in Business Administration and Economics. She 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 Boards of Directors of Worthington Industries, Spoleto Festival, Gaillard Performance Hall Foundation, Medical University of South Carolina (MUSC) Hollings Cancer Center and Duke University Pratt School of Engineering Board of Visitors. In 1973-1975, Mr. Horton worked at Je Serrine Company as a Project Engineer, and in 1977-1978 he worked at Sonoco Products Company serving as Corporate Development Staff. In 1978-1981, Mr. Horton worked at Cummins Engine Company serving as Line Manufacturing Manager. Since 1981, Mr. Horton held a variety of positions at McKinsey & Company, a management consulting firm, ultimately serving as a Partner and as a Director in the Atlanta office of McKinsey & Company. Mr. Horton has also led several practices within McKinsey & Company, most recently as a leader of the global operations practice within the energy and materials sector. Mr. Horton retired from McKinsey & Company at the end of February 2011. 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. Ms. Sipilä has served as the Chief Financial Officer of Cargotec Corporation since 2008. She has been a Board member of Basware Corporation since 2010. Ms. Sipilä has worked for Cargotec since 2005. Prior to her current role at Cargotec, she was Senior Vice President, Investor Relations and Communications during 2005-2008. During 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 during 1999-2002. During 1997-1998, she worked as an associate consultant at Arkwright AB in Sweden. Ms. Sipilä holds a Master of Sciences degree in Economics, CEFA. 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 *Jukka Leppänen*, born 1949. Mr. Leppänen works as a Testing Engineer of Metso Group's Automation business line's Process Automation systems product development unit in Tampere, Finland. He has worked for Metso since 1976. Mr. Leppänen is the shop steward for senior clerical employees and an industrial safety delegate. 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:

Name	Position	Year of Birth
Matti Kähkönen	President and Chief Executive Officer	1956
Andrew Benko	President, Mining and Construction	1949
Perttu Louhiluoto	President, Automation	1964
Pasi Laine	President, Pulp, Paper and Power, and Executive Vice President and Deputy to the Chief Executive Officer	1963
Harri Nikunen	Chief Financial Officer	1955
Merja Kamppari	Senior Vice President, Human Resources	1958
Kalle Reponen	Senior Vice President, Strategy and M&A	1965

Matti Kähkönen has been Metso's President and Chief Executive Officer since March 1, 2011. Mr. Kähkönen served as Metso's Executive Vice President and Deputy to the Chief Executive Officer and as the Vice Chairman of the Metso Executive Team from October 1, 2010 through March 1, 2011. He was also the President of Metso's Mining and Construction Technology reporting segment during the years 2008-2011. Prior to that, Mr. Kähkönen was President of Metso Minerals Inc. in 2006-2008 and served as President of Metso Automation in 2001-2006, 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 joined the company in 1980. Mr. Kähkönen holds a Master of Science degree in Engineering. He is a Finnish citizen.

Andrew Benko has been the President of Metso's Mining and Construction reporting segment (previously Mining and Construction Technology) since March 1, 2011. Prior to that, Mr. Benko was the President of Metso's Mining and Construction Technology in the area of Equipment and Systems Business line in 2009-2011 and in the area of Mining business line in 2007-2009. He has also been the President of Metso's Mineral Processing business line during the years 2001-2006. Mr. Benko served as the President of Mineral Processing in 1998-2001 and the President of Grinding Division of Svedala in 1993-1998. In 1988-1992, he acted as the Vice President and the General Manager of Kennedy Van Saun and had various managerial positions at Dravo Wellman in 1972-1988. Mr. Benko has a Master of Science degree in Engineering. He is a U.S. citizen.

Perttu Louhiluoto has been the President of Automation reporting segment (previously Energy and Environmental Technology) as from March 1, 2011. 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, in 2000-2008, he was a partner at McKinsey & Company and, in 1991- 2000, he held various positions at McKinsey & Company. Mr. Louhiluoto holds a Master of Laws degree and a Master of Science degree in Economics. He is a Finnish citizen.

Pasi Laine has been a member of the Executive Team since 2006 and the President of Metso's Pulp, Paper and Power reporting segment (previously Paper and Fiber Technology), Executive Vice President and Deputy to the Chief Executive Officer since March 1, 2011. Mr. Laine was the President of Metso's Energy and Environmental Technology reporting segment in 2008-2011. Prior to that, Mr. Laine was President of Metso Automation in 2006-2008 and President of Metso Automation's Field Systems Business Line in 2003-2006. He was Senior Vice President of Metso Automation's Paper and Pulp Automation Solutions Business Unit in 2002-2003 and Vice President of Process & Energy Business Unit in 1998-2002. In 1996-1998, he was Managing Director of Elsag Bailey Hartmann & Braun, and prior to that, in 1988-1996, he held various positions at Valmet Automation in Finland, Canada, Germany and the United Kingdom. Mr. Laine holds a Master of Science degree in Engineering. He is a Finnish citizen.

Harri Nikunen has been Metso Group's Chief Financial Officer since March 1, 2011. Prior to that, Mr. Nikunen was the Senior Vice President of Finance, IT and HR of Metso Paper and Fiber reporting segment since 2005. In 2004-2005, he was the Senior Vice President of Business Infrastructure of Metso and prior to that, in 1994-2004 Mr. Nikunen held various senior business management and finance & IT management positions at Metso Minerals Oy. In 1981-1994, he held various finance positions at Rosenlew Group, Nokia Information Systems and IBM Sweden. Mr. Nikunen has been the Board member of Takoma Oyj since 2007. Mr. Nikunen holds a BA in Finance and Business Administration. He is a Finnish citizen.

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

Kalle Reponen has been a member of the Executive Team since 2008 and Senior Vice President, Strategy and M&A of Metso since August 14, 2006. Prior to his current position, Mr. Reponen was a partner with MCF Corporate Finance in 2003-2006. He worked for Nordea Corporate Finance in 2000-2003 and, in 1995-2000, he held several positions at Wärtsilä Corporation. Mr. Reponen holds a Master of Science degree in Economics and Business Administration. He 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 100 per cent. owned by the Finnish State. Neither Solidium nor any other shareholder has any special voting rights. However, Solidium may, through its share ownership, continue to have substantial influence in deciding matters submitted for a vote of shareholders, such as approval of the annual financial statements, declarations of annual reserves and dividends, capital increases, amendments to the Company's Articles of Association and the election and removal of members of the Company's Board of Directors.

The following table lists, as of March 27, 2012, the total number of the Company's shares owned by Solidium, the only person or entity known to Metso's management to be the beneficial owners of more than five per cent. of the Company's shares, as well as shares owned by members of the Board of Directors and their interested parties.

Title of Class	Identity of Person or Group	Number of Shares	Percentage
Shares	Solidium	16,695,287	11.1
Shares	Members of the Company's Board of Directors	120,480	0.08

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.

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

- (i) the application of the Luxembourg laws of June 21, 2005 implementing the European Union Savings Directive (Council Directive 2003/48/EC (the “**EU Savings Directive**”)) and several agreements concluded with certain dependent or associated territories and providing for the possible application of a withholding tax (35 per cent. from July 1, 2011) on interest paid to certain non-Luxembourg resident investors (individuals and certain types of entities called “residual entities” within the meaning of article 4(2) of the European Union Savings Directive) in the event of

the Issuer appointing a paying agent in Luxembourg within the meaning of the above-mentioned Directive (see paragraph “EU Savings Tax Directive” below) or agreements.

- (ii) the application as regards Luxembourg resident individuals (in the context of their private wealth) of the Luxembourg law of December 23, 2005 which has introduced a 10 per cent. withholding tax on savings income (*i.e.*, with certain exemptions, savings income within the meaning of the Luxembourg laws of June 21, 2005 implementing the EU Savings Directive). This law should apply to savings income accrued as from July 1, 2005 and paid as from January 1, 2006.

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

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

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

EU Savings Tax Directive

Under the EU Savings Directive on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income (within the meaning of the EU Savings Directive) paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg will, subject to certain exceptions, apply an optional information reporting system whereby if a beneficial owner, within the meaning of the EU Savings Directive, does not comply with one of two procedures for information reporting, the relevant Member State will levy a withholding tax on payments to such beneficial owner. The withholding tax system will apply for a transitional period during which the withholding tax rate will rise over time to 35 per cent. (unless during that transitional period they elect to provide information in accordance with the Directive). The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

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

On November 13, 2008, the European Commission published a proposal for amendments to the EU Savings Directive, which included a number of suggested changes which, if implemented, would broaden the scope of the requirements described above. The European Parliament approved an amended version of this proposal on April 24, 2009. If implemented, the proposed amendments would, *inter alia*, (i) extend the scope of the EU Savings Directive to payments made through certain intermediate structures (whether or not established in an EU Member State) for the ultimate benefit of a European Union resident individual, and (ii) provide for a wider definition of interest subject to the EU Savings Directive. Investors who are in any doubt as to their position should consult their professional advisers.

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Citigroup Global Markets Limited, Danske Bank A/S, Deutsche Bank AG, London Branch, Merrill Lynch International, Nordea Bank Danmark A/S, Pohjola Bank plc and Skandinaviska Enskilda Banken AB (publ) (the “**Dealers**”). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in an amended and restated dealer agreement dated April 4, 2012 (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.

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

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 Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, each Dealer has undertaken that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, “**Japanese Person**” shall mean any person resident in Japan, including any corporation or other entity organised under the laws 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.

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 update of the Programme was authorised by a resolution of the Board of Directors of the Issuer on March 29, 2012. 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, L1855 Luxembourg. The address of any alternative clearing system(s) will be specified in the applicable 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, 2011, 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, 2011.

Independent Accountants

The consolidated financial statements of the Issuer as at and for the years ended December 31, 2010 and December 31, 2011 have been prepared in accordance with IFRS as adopted by the European Union. The consolidated financial statements for the years ended December 31, 2010 and December 31, 2011 have been audited in accordance with Finnish Standards on Auditing.

The consolidated financial statements of the Issuer as at and for the years ended December 31, 2010 and December 31, 2011 have been audited by PricewaterhouseCoopers Oy, Authorised Public Accountants, whose regulated address is Itämerentori 2, P.O. Box 1015, FI-00101 Helsinki and who are supervised by the Auditing Board of the Central Chamber of Commerce of Finland.

The Annual General Meeting of shareholders held on March 29, 2012 elected Ernst & Young Oy, authorized public accountants, as auditors for the Company, Roger Rejström, Authorized Public

Accountant, acting as the responsible auditor. The regulated address of the auditors is Elielinaukio 5B, FI-00100 Helsinki, Finland.

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 during normal business hours at the specified office of the Fiscal Agent and Conformed Copies of the document referred to in (b) below can be obtained at the cost of the Noteholders 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, 2010 and December 31, 2011;
- (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).

Conditions for Determining Price and Post-Issuance Information

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

The Issuer does not intend to provide any post-issuance information, except if required by any applicable laws and regulations.

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 Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express

independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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LUXEMBOURG LISTING AGENT

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