LISTING PROSPECTUS **2 October 2015**

Listing of EUR 200,000,000 Capital Securities
The Capital Securities are represented by units in denominations of EUR 100,000

Finnair Plc (the "**Issuer**") proposes to issue capital securities in an aggregate nominal amount of EUR 200,000,000 (the "**Capital Securities**") on 13 October 2015 (the "**Issue Date**"). The Capital Securities are represented by units in denominations of EUR 100,000. This document (this document and the documents incorporated herein by reference jointly referred to as the "**Listing Prospectus**") has been prepared solely for the purpose of the admission to listing of the Capital Securities to public trading on NASDAQ OMX Helsinki Ltd (the "**Helsinki Stock Exchange**") and does not, nor shall be deemed to, constitute any offering of the Capital Securities.

This Listing Prospectus has been drawn up in accordance with the Finnish Securities Markets Act (14 December 2012/746, as amended) (the "**Finnish Securities Markets Act**"), the Decree of the Finnish Ministry of Finance on the Prospectus referred to in Chapters 3 to 5 of the Finnish Securities Markets Act (20 December 2012/1019, as amended), the Commission Regulation (EC) No 809/2004, as amended, in application of the Annexes IX and XIII thereof, and the regulations and guidelines of the Finnish Financial Supervisory Authority ("**FIN-FSA**"). FIN-FSA, which is the competent authority for the purposes of Directive 2003/71/EC (as amended by Directive 2010/73/EU, the "**Prospectus Directive**") and relevant implementing measures in Finland, has approved this Listing Prospectus (journal number FIVA 74/02.05.04/2015) but assumes no responsibility for the correctness of the information contained herein. Application has been made for the Capital Securities to be admitted to public trading on the official list of the Helsinki Stock Exchange (the "**Listing**"), and the Listing is expected to take place on or about 13 October 2015.

Each Capital Security will bear interest on its principal amount (i) from (and including) the Issue Date to (but excluding) 13 October 2020 (the "**First Reset Date**") at a fixed rate of 7.875 per cent. *per annum* payable annually in arrears on 13 October in each year and commencing on 13 October 2016 and (ii) from (and including) the First Reset Date to (but excluding) the final redemption of the Capital Securities, at a fixed rate *per annum*, which shall be equal to the 5-year Swap Rate determined two Business Days prior to the first day of the relevant Reset Period (each as defined herein) plus a margin of 5.00 per cent. *per annum* plus a re-offer spread of 7.544 per cent. *per annum* for each Reset Period, payable annually in arrears on 13 October in each year and commencing on 13 October 2021, as further described in Clause 5.2 (*Prevailing Fixed Interest Rate*) in Annex A: "*Terms and Conditions of the Capital Securities*" of this Listing Prospectus. Payment of interest on the Capital Securities may be deferred at the option of the Issuer, except under certain circumstances, as further described in Clause 6 (*Interest Payment and Deferral*) in Annex A:"*Terms and Conditions of the Capital Securities*" of this Listing Prospectus. The rate of interest may also be increased, subject to certain circumstances, in the event the Issuer makes a Minority Dividend while there is any such deferred interest or in the event the Issuer has not elected to redeem the Capital Securities following a Change of Control as described below. Payments in respect of the Capital Securities will be made without deduction for or on account of taxes imposed or levied by Finland to the extent described under "*Terms and Conditions of the Capital Securities – Taxation*". The Capital Securities are undated securities with no specified maturity date. The Issuer will have the right to redeem all, but not some only, of the Capital Securities on the First Reset Date or on any Interest Payment Date thereafter, as defined and further described in Clause 7 (*Redemption and Purchase*) in Annex A: "*Terms and Conditions of the Capital Securities*". The Issuer may also, at its option, redeem all, but not some only, of the Capital Securities upon the occurrence of certain events, including a Tax Event, an Accounting Event, a Withholding Tax Event and a Replacing Capital Event, each as defined and as further described in such Clause 7. In addition, the Issuer may at its option, upon the occurrence of a Change of Control, redeem all, but not some only, of the Capital Securities as defined and further described in Clause 7 (*Redemption and Purchase*) of Annex A: "*Terms and Conditions of the Capital Securities*" of this Listing Prospectus. If such option is not exercised, the interest payable on the Capital Securities will be increased by an additional margin of 5.00 per cent per annum, as further described in such Clause 7.

The Capital Securities will be issued in the book-entry securities system of Euroclear Finland Ltd ("**Euroclear Finland**") in dematerialised form under the Finnish Act on the Book-Entry System and Clearing and Settlement (749/2012, as amended). The Capital Securities may be held by holders directly through book-entry accounts with Euroclear Finland. As chosen by a non-Finnish holder, the Capital Securities may alternatively be held on the nominee book-entry accounts of a licensed book-entry account holder, such as Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream**"). The Capital Securities will not be evidenced by any physical note or document of title other than statements of account made by Euroclear Finland or its account operator and cannot be physically delivered.

Neither the Issuer nor the Joint Lead Managers (as defined hereafter) have taken, nor will take, any action which is intended to permit a public offer of any of the Capital Securities or the distribution of this Listing Prospectus or any other documents relating to the Capital Securities in any jurisdiction where any action for that purpose is required, other than filing this Listing Prospectus with the FIN-FSA for approval under the Prospectus Directive, making the listing application to the Helsinki Stock Exchange and publication of the Listing Prospectus.

The Capital Securities have not been, and will not be, registered under the U.S. Securities Act 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any State of the United States. The Capital Securities may not be offered, sold, pledged or otherwise transferred directly or indirectly within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the Securities Act ("**Regulation S**"), except to a person who is not a U.S. Person (as defined in Regulation S) in an offshore transaction pursuant to Regulation S.

Neither the Issuer nor the Capital Securities have been assigned any credit ratings at the request or with the co-operation of the Issuer in the rating process nor is it the intention of the Issuer to request any such ratings. Investment in the Capital Securities involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Capital Securities are discussed under "*Risk Factors*". Prospective investors should review all the information contained or incorporated by reference into this Listing Prospectus, including in particular, such risk factors, before making a decision to invest in the Capital Securities.

Joint Lead Managers

IMPORTANT INFORMATION

In this Listing Prospectus, the "**Issuer**" refers to Finnair Plc and "**Finnair**" to the Issuer together with its consolidated subsidiaries, except where the context may otherwise require. This Listing Prospectus has been prepared for the purpose of giving information with respect to (i) the Issuer, (ii) Finnair and (iii) the Capital Securities which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position and profit and losses of the Issuer. This Listing Prospectus should be read in conjunction with all of the documents that are incorporated herein by reference. See "*Documents Incorporated by Reference*".

In this Listing Prospectus, unless otherwise specified, references to a "**Member State**" are references to a member state of the European Economic Area (the "**EEA**") and references to "**€**", "**EUR**" or "**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 3 May 1998 on the introduction of the euro, as amended. This Listing Prospectus is drawn up in the English language. Certain legislative references have been cited in Finnish in order that the correct technical meaning may be ascribed to them under applicable law. Certain figures included in this Listing 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.

This Listing Prospectus does not constitute an offer of, or an invitation or solicitation by or on behalf of the Issuer or Danske Bank A/S, Morgan Stanley & Co. International plc, and Pohjola Bank plc (the "**Joint Lead Managers**") to subscribe or purchase, any of the Capital Securities in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Listing Prospectus and the offering of the Capital Securities in certain jurisdictions, including, without limitation, the United States and the United Kingdom may be restricted by law. The Issuer and the Joint Lead Managers do not represent that this Listing Prospectus may be lawfully distributed, or that any Capital Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Joint Lead Managers which is intended to permit a public offering of any Capital Securities or distribution of this Listing Prospectus in any jurisdiction where action for that purpose is required, other than filing this Listing Prospectus with FIN-FSA for approval under the Prospectus Directive, making the listing application to the Helsinki Stock Exchange and publication of the Listing Prospectus. Accordingly, no Capital Security may be offered or sold, directly or indirectly, and neither this Listing Prospectus nor any offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Listing Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers and sales of Capital Securities and distribution of this Listing Prospectus, see "*Subscription and Sale*".

In making an investment decision, each investor must rely on its own independent examination, analysis and enquiry of Finnair and the Terms and Conditions of the Capital Securities, including the risks and merits involved. Neither Finnair, nor the Joint Lead Managers, nor any of their respective affiliated parties or representatives, is making any representation to any offeree or subscriber of the Capital Securities regarding the legality of the investment by such person. Investors must make their independent assessment of the legal, tax, business, financial and other consequences of an investment in the Capital Securities. The contents of this Listing Prospectus are not to be construed as legal, business, tax, financial or other advice. Investors should rely only on the information contained in this Listing Prospectus. No person has been authorised to give any information or to make any representation not contained in or not consistent with this Listing Prospectus or any information supplied by Finnair 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 Finnair or the Joint Lead Managers. Neither the delivery of this Listing Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs or no adverse change in the financial position of the Issuer and Finnair since the date hereof or the date upon which this Listing Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Capital Securities is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The Joint Lead Managers have not separately verified the information contained in this Listing Prospectus. Accordingly, no representation, warranty or undertaking, express or implied, is made by the Joint Lead Managers as to the accuracy or completeness of the information contained or incorporated by reference into this Listing Prospectus or any other information provided by the Issuer in connection with the Capital Securities or their distribution, and nothing contained in this Listing Prospectus is, or may be relied upon as, a warranty or representation by the Joint Lead Managers in this respect, whether as to the past or the future. The Joint Lead Managers accept no responsibility or liability for the accuracy or completeness of such information and, accordingly, disclaim to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise, which they might otherwise be found to have in respect of this Listing Prospectus or any such statement. Nothing contained in this Listing Prospectus is, or shall be relied upon as, a warranty or representation by Finnair or the Joint Lead Managers as to the future. Investors are advised to inform themselves of any stock exchange releases published by Finnair since the date of this Listing Prospectus. Neither this Listing Prospectus nor any other information supplied in connection with the offering of the Capital Securities is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer or the Joint Lead Managers that any recipient of this Listing Prospectus or any other financial statements should purchase the Capital Securities.

This Listing Prospectus may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. No actions have been taken to register or qualify the Capital Securities, or otherwise to permit a public offering of the Capital Securities, in any jurisdiction. Persons into whose possession this Listing Prospectus are required by the Issuer and the Joint Lead Managers to inform themselves of and observe all such restrictions. Neither Finnair nor the Joint Lead Managers accept any responsibility or liability for any violation by any person, whether or not a prospective purchaser of Capital Securities is aware of such restrictions. In particular, the Capital Securities may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into the United States, Australia, Canada, Hong Kong, Japan, Singapore or any other jurisdiction in which it would not be permissible to offer the Capital Securities; and this Listing Prospectus may not be distributed in, or sent to any person in, the aforementioned jurisdictions.

The Capital Securities are governed by Finnish law and any dispute arising in relation to the Capital Securities shall be settled exclusively by Finnish courts in accordance with Finnish law. Other than as set forth in the Responsibility Statement contained in the section entitled "*Certain Information*" herein, no representation or warranty, express or implied, is made by Finnair or the Joint Lead Managers as to the accuracy or completeness of information contained in this Listing Prospectus.

In connection with the issue of the Capital Securities, Danske Bank A/S (the "**Stabilising Manager**") (or any person acting on behalf of any Stabilising Manager) may over-allot Capital Securities or effect transactions with a view to supporting the market price of the Capital Securities at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or any persons acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the Capital Securities 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 Capital Securities and 60 days after the date of the allotment of the Capital Securities. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager (or any person acting on behalf of any Stabilising Manager) in accordance with all applicable laws and rules.

CONTENTS

IMPORTANT INFORMATION .... **ii**
CONTENTS .... **iii**
GENERAL OVERVIEW **1**
RISK FACTORS **3**
CERTAIN INFORMATION **19**
INFORMATION ABOUT THE ISSUER AND FINNAIR **21**
- Finnish Airline Market Background 21
- General about the Issuer and Finnair 21
- History and Development of Finnair 23
- Ongoing and Future Investments 24

SELECTED CONSOLIDATED FINANCIAL INFORMATION **28**
FINANCIAL AND TREND INFORMATION, PROSPECTS **36**
- Historical Financial Information 36
- No Significant Change in the Issuer's Financial or Trading Position 36
- Trend Information 36
- Prospects 36

DIRECTORS, MANAGEMENT AND MAJOR SHAREHOLDERS **38**
- General 38
- Board of Directors 38
- Executive Board 39
- Board Committees 40
- Major Shareholders 40

TAXATION **42**
SUBSCRIPTION AND SALE **44**
DOCUMENTS INCORPORATED BY REFERENCE **45**
DOCUMENTS ON DISPLAY AND AVAILABLE INFORMATION **45**
ANNEX A: TERMS AND CONDITIONS OF THE CAPITAL SECURITIES .... **A**
ANNEX B: ADDITIONAL INFORMATION ON THE ISSUE OF THE CAPITAL SECURITIES .... **B**

GENERAL OVERVIEW

The following general overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Listing Prospectus, including the Terms and Conditions of the Capital Securities. Words and expressions defined elsewhere in the Listing Prospectus shall have the same meanings in this general overview. The general overview shall not be construed to constitute a summary for the purpose of Commission Regulation (EC) No 809/2004, as amended.

Issuer:	Finnair Plc.
Description:	Unsecured and subordinated capital securities of the Issuer.
Joint Lead Managers:	Danske Bank A/S, Morgan Stanley & Co. International plc, and Pohjola Bank plc.
Paying Agent:	Danske Bank Oyj.
Issue:	Aggregate nominal amount of EUR 200,000,000.
Currency:	The Capital Securities are denominated in EUR.
Maturity:	The Capital Securities are undated securities with no specified maturity date. The Issuer is not required to redeem the Capital Securities at any time and they are not redeemable on demand of the Holders.
Issue Price:	100 per cent.
Form of Securities:	Dematerialised securities issued in book-entry form in the book-entry system maintained by Euroclear Finland. No physical securities or other document of title will be issued in respect of the Capital Securities. The Capital Securities may be held by Holders directly through book-entry accounts with Euroclear Finland. As chosen by a non-Finnish Holder, the Capital Securities may alternatively be held on the nominee book-entry accounts of a licensed book-entry account holder, such as Euroclear and Clearstream.
Interest:	The Capital Securities bear interest on their outstanding principal amount (i) at the Initial Fixed Interest Rate from and including the Issue Date to but excluding the First Reset Date and (ii) at the Prevailing Fixed Interest Rate from and including the First Reset Date, subject to Clauses 6.3 (*Minority Dividend*) and 7 (*Redemption and Purchase*). The interest rate of the Capital Securities shall be increased in the case of a Minority Dividend or, in certain circumstances, a Change of Control. See, respectively, Clauses 6.3. (*Minority Dividend*) and 7.7. (*Change of Control*) of Annex A: "*Terms and Conditions of the Capital Securities*". The Issuer has the right to defer any payment of interest on the Capital Securities if the requirements for deferral set out in Clause 6 (*Interest Payment and Deferral*) of Annex A: "*Terms and Conditions of the Capital Securities*" are satisfied. Any interest in respect of the Capital Securities, which has been deferred on an Interest Payment Date, shall constitute arrears of interest and bear interest, and shall be payable, as described in Clause 6 (*Interest Payment and Deferral*) of Annex A: "*Terms and Conditions of the Capital Securities*".

Redemption:	Capital Securities are redeemable by the Issuer at its sole discretion in whole but not in part, as set out in Clause 7 (*Redemption and Purchase*) of Annex A: "*Terms and Conditions of the Capital Securities*" following a Tax Event, a Withholding Tax Event, an Accounting Event, a Replacing Capital Event or a Change of Control.
Purchases:	The Issuer may at any time purchase Capital Securities in any manner and at any price. If purchases are made by tender, tenders must be available to all Holders alike.
Denomination/Nominal Amount:	100,000.
Guarantee:	None.
Rating:	None.
Listing:	Application has been made for the Capital Securities to be admitted to public trading on the Helsinki Stock Exchange, and the Listing is expected to take place on or about 13 October 2015.
ISIN Code:	FI4000176300.
Governing Law:	The Capital Securities shall be governed by and construed in accordance with Finnish law.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of Capital Securities in any country or jurisdiction where action for that purpose is required, including the United States and the United Kingdom (see "*Subscription and Sale*").
Risk Factors:	Investing in the Capital Securities involves significant risks and investors may lose part or all of their investments. Investors considering investing in Capital Securities should carefully review the information contained or, incorporated by reference into this Listing Prospectus and, in particular, the risk factors discussed under "*Risk Factors*".

RISK FACTORS

Investors considering investing in the Capital Securities should carefully review the information contained or incorporated by reference into this Listing Prospectus and, in particular, the risk factors described below. Factors possibly affecting an investment decision are also discussed elsewhere in this Listing Prospectus. Should one or more of the risk factors described herein materialise, it may have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities. As a result, investors may lose part or all of their investments. The following description is a summary of certain risk factors that may affect the Issuer's ability to fulfil its obligations under the Capital Securities or that are considered by the Issuer to be material in order to assess the market risk associated with the Capital Securities. This description is based on information known and assessed by the Issuer at the time of preparing this Listing Prospectus, and, therefore, the description of the risk factors is not necessarily exhaustive. The risks involved in an investment in the Capital Securities are not limited to the factors identified below and the sequence in which the following risk factors are listed is not an indication of their likelihood to occur or of the extent of their commercial consequences. All investors should make their own evaluations of the risks associated with an investment in the Capital Securities and consult with their own professional advisers if they consider it necessary.

RISKS RELATING TO FINNAIR

Risks Relating to Macroeconomic Conditions

Uncertain global economic and financial market conditions could adversely affect Finnair's business, results of operations, financial condition, liquidity and capital resources

During the last few years the uncertain global economic and financial market conditions have had an adverse effect on general business conditions. Despite the measures taken by various governmental and regulatory authorities as well as central banks around the world, the economic situation remains unstable. In addition, the recent increase in geopolitical tensions, for example between Russia and Ukraine, and related events such as the international sanctions imposed, for example, by the European Union ("**EU**") against Russia due to the events in Crimea and export limitations imposed by Russia towards the EU as a counteraction, may have a material adverse effect on the economic climate. In addition, such geopolitical tensions may limit or disrupt Finnair's supplies of fuel or other inputs.

Reduction in the demand for passenger or cargo flights due to slowing or non-existent economic growth in Finnair's main markets constitutes a risk for Finnair's revenue development. Further, the slowing growth in Asian economies may reduce demand for air travel from Asia to Europe, which could affect the implementation of Finnair's Asian growth strategy. In addition, the growing proportional share of Asian traffic increases Finnair's exposure to seasonal fluctuations in revenue due to destination-specific seasonality in Asian leisure and business travel. As a result, further economic slowdown particularly in Europe or Asia may adversely affect Finnair's business.

There can be no assurance that Finnair's liquidity and access to financing will not be affected by further changes in the global financial markets or international sanctions or that its capital resources will, at all times, be sufficient to satisfy Finnair's business and liquidity needs. Materialisation of any of the above macroeconomic risks could adversely affect Finnair's asset values, future cost of debt and access to bank and capital market financing, which could, in turn, have an adverse effect on Finnair's business, financial condition, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Risks Relating to the Airline Industry

Competition in the airline industry is intense, and new market entrants could disrupt Finnair's competitive environment

Finnair operates within a highly competitive industry. Finnair's competitive environment may be disrupted as new entrants and/or alliances expand, airlines consolidate, or other alliances and/or joint businesses gain competitive advantage over Finnair's **one**world™ alliance or joint businesses. Star Alliance and SkyTeam are the competing major alliances within the airline industry, Star Alliance being the largest with 28 member airlines. In the passenger travel business, network carriers such as Finnair are exposed to competition on non-stop itineraries between individual cities as well as on one-stop itineraries since passengers can choose from a number of different connecting options, especially in the long-haul markets. Within Finnair's domestic (Finnish) market, Norwegian Air Shuttle ASA is the main competitor. Within the European short-haul and medium-haul markets, Finnair competes with a number of traditional flag carriers as well as low-fare and charter airlines, such as Norwegian Air Shuttle ASA, Lufthansa and SAS. Within the long-haul market to Asia, Finnair mainly competes with a number of traditional flag carriers, such as Lufthansa and Air France-KLM, and with a number of Middle Eastern and Asian carriers. Further, Finnair is also subject to intense competition on its cargo business both from large, established air cargo companies as well as from smaller providers that operate only a few aircraft and offer a limited range of services.

The airline industry has suffered from overcapacity due to increased seating density as well as larger aircraft especially in the European traffic as low-cost carriers have grown and proliferated, and there can be no assurance that Finnair or its competitors would not increase its or their capacity substantially in the future on European or Asian routes. This would further intensify the competition, put pressure on ticket prices and yields and may also result in Finnair having substantial overcapacity in its short or long-haul traffic.

Increasing competition may have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Finnair is exposed to risks associated with jet fuel prices

Finnair's financial results are affected by the evolution of the market price of jet fuel, as fuel costs are the single largest cost item for Finnair. Jet fuel costs represented 27 per cent of Finnair's operating costs in the six months ended 30 June 2015. The residual impact of jet fuel price fluctuations is determined by the hedges in use at a point in time, and fuel purchases are hedged 24 months forward on a rolling basis. Despite such hedging, the operating results of Finnair can be materially affected by changes in the price and availability of jet fuel. Jet fuel prices have historically fluctuated widely, and such fluctuations are expected to continue also in the future. Finnair's jet fuel costs are also subject to exchange rate risk as international prices for jet fuel are denominated in U.S. dollars.

Finnair is currently able to obtain adequate supplies of jet fuel, but it is impossible to predict its future availability. Weather-related events, natural disasters, political disruptions or wars involving oil-producing countries, changes in governmental policy concerning jet fuel production, transportation or marketing, changes in jet fuel production capacity, environmental concerns and other unpredictable events may result in unexpected fuel supply shortages and fuel price increases in the future.

Over the past few years, there have been discussions at the EU level and within EU member states about whether existing tax exemptions for jet fuel should be reviewed. The European Commission published a White Book in 2001 covering fair and efficient price setting in the transportation sector, which proposed a review of the current tax exemptions. There can be no assurance that the current tax exemptions for the jet fuel will not be repealed. The elimination of these exemptions would lead to a substantial increase in Finnair's jet fuel costs.

Materialisation of any of the above risks may have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Exchange rate fluctuations may affect Finnair's financial condition or results of operations

Fluctuations in exchange rates, particularly between the euro and the U.S. dollar and between the euro and Japanese yen, may have a material adverse effect on Finnair. Finnair's foreign exchange risk arises mainly from fuel and aircraft purchases, aircraft leasing payments and sales revenue denominated in foreign currencies. The largest investments, including the acquisition of aircraft and their spare parts, are also mainly made in U.S. dollars. Fuel costs and aircraft leasing costs are also U.S. dollar-denominated, whereas the yen is an important income currency in Finnair's Japanese operations. Despite Finnair's use of foreign exchange hedging, there can be no assurance, at any given time, that Finnair will have sufficient derivatives in place to provide adequate protection against foreign exchange losses. Materialisation of any of the above risks may have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Finnair is exposed to interest rate risk on its variable rate borrowing and aircraft leases

Finnair is subject to the effects of interest rate fluctuations on its floating rate financing arrangements and aircraft leases. As a result of these variable rate borrowings, an increase in interest rates would cause an increase in the amount of Finnair's interest payments and could have a material adverse effect on the results of operations of Finnair. The payments Finnair is required to make pursuant to its aircraft leases for aircraft that have not yet been delivered to it may be subject to interest rate fluctuations. When Finnair agrees to lease a new aircraft, the monthly lease payments to be made by it upon delivery of the aircraft are typically subject to adjustments based on interest rate fluctuations during the period between the signing of the lease and the delivery date of the aircraft. Materialisation of the interest rate risk may have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

The market price of derivatives may involve risks

Finnair seeks to mitigate the effects of market fluctuations in currency, interest rate and jet fuel positions through the use of derivative instruments, such as forward contracts, swaps and options, according to the risk management policy approved by the Board of Directors. The aim of the hedging policy is to mitigate the volatility of the operational profit caused by market price fluctuations. In normal market conditions, the purpose of the hedging strategy is typically achieved by Finnair. However, in certain circumstances, such as those that prevailed for instance in 2008 and 2009 after the default of Lehman Brothers, the market price of the derivatives may change substantially and Finnair may suffer substantial hedging losses. Incurrence of hedging losses may have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Insufficient access to capital may threaten Finnair's capacity to grow, execute its business model and generate future financial returns

Finnair has been and may also be in the future impacted by the uncertainty in global economy and financial markets. There can be no assurance that Finnair's capital resources will, at all times, be sufficient to satisfy its business and liquidity needs. Insufficient access to bank and capital market financing may have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Epidemics, pandemics or natural disasters can adversely affect the demand for air travel

Outbreaks of epidemics or pandemics can adversely affect the demand for air travel and have a significant impact on Finnair's operations. As a result of such outbreaks, Finnair may have to reduce the number of its flights to affected destinations.

Similarly to other airlines, Finnair is also exposed to potential significant losses in the event of major natural disasters. For example, nearly all European air traffic was affected by the ash cloud that followed the volcanic eruption in Iceland between April and May 2010. Such unexpected external shocks can rapidly affect the development of demand for air travel. While Finnair has plans of action to minimise the operational impacts on air travel from various external disruptive factors affecting the demand for air travel, there can be no assurance that these measures will be sufficient in the event that such circumstances arise.

Materialisation of any of the above risks may have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Finnair is exposed to the risk of significant losses from aviation accidents involving its operations, including plane crashes, and other disasters, and Finnair's insurance coverage may not be adequate in such circumstances

Similarly to other airlines, Finnair is exposed to potential significant losses in the event that any of its aircraft is lost or involved in an accident, terrorist attack or other disaster, including significant costs related to passenger claims, repairs or replacement of a damaged aircraft and its temporary or permanent loss from service. While Finnair is insured against these occurrences, there can be no assurance that the amount of insurance coverage available to Finnair upon the occurrence of such an event would be adequate to cover the resulting losses or that it will not be exposed to significant losses as a result of any such event in the future, both financial and reputational. Any such event involving Finnair could cause a substantial increase in Finnair's insurance premiums. Airline insurance may also become too difficult or expensive to obtain, and there are limitations or exclusions of certain risks in the coverage of insurances.

Materialisation of any of these risks may have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Terrorist attack, or the threat of such attacks, could result in a significant reduction in passenger airline travel

Terrorist attacks and terrorist activity cause uncertainty in the minds of the travelling public. The threat or occurrence of a major terrorist attack could have a material adverse effect on passenger demand for air travel. Finnair's security and safety management systems are compliant with the European Aviation Safety Agency (EASA). However, it cannot be excluded that any future security-related costs or complications may disrupt Finnair's business and affect passengers' propensity to travel and, by reducing demand for Finnair's services, have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Finnair's revenue and profits are susceptible to seasonal fluctuations and cyclical changes

Demand for Finnair's services by passengers, in particular leisure travellers, varies over the course of the year, which causes Finnair's quarterly results to fluctuate. During the winter months, Finnair's revenues are typically lower than in the rest of the year, which is generally reflected in lower operating results in the first and fourth quarters. Finnair's passenger numbers are typically highest in the third quarter. As a result of quarterly fluctuations, the level of Finnair's aircraft utilisation and profitability fluctuates during the year. Globally, the airline industry is sensitive to cyclical changes in the economic environment, and demand for Finnair's services varies over the course of an economic cycle. Seasonal fluctuations and cyclical changes may have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Risks Relating to the Business of Finnair

Finnair's business, financial condition and results of operations will be affected by the success of its strategy

The core of Finnair's Asia strategy is to leverage on its partner relationships and the geographic location of its operational hub at Helsinki-Vantaa Airport, which offers the shortest flight route from Europe to the Northeast Asia and is positioned to capture the increasing demand for air travel to and from Asia. According to Airbus Global Market Forecast 2015–2034, Asia has been one of the fastest growing aviation markets in recent years, and is currently the largest air travel market in the world with its significance set to grow in the short to medium term. Currently, Finnair serves 13 Asian destinations in nine countries, to a mix of financial centres and leisure destinations. In recent years, the importance of Finnair's Asia strategy has steadily increased. With higher exposure to Asia than its peer group of European network carriers, Finnair believes that it is ideally positioned to benefit from future growth in Asian aviation markets. Finnair's strategic objective is to double its Asian traffic by 2020 from the 2010 level. The future growth of Finnair's core business, international scheduled passenger traffic, is based on its ability to implement its Asia strategy successfully. Finnair's investments are, therefore, focused on ensuring the growth in Asian traffic, and fleet acquisitions planned in the coming years are aimed at improving competitiveness especially in the long-haul traffic to and from Asia. However, there can be no assurance that Finnair will continue to have access to the capital markets in order to finance these investments as planned, that there will not be any delays in deliveries by aircraft manufacturers and that, when made, these investments would allow Finnair to grow its traffic to and from Asia as planned.

If changes were to occur in consumer preferences, perceptions, spending patterns or demographic trends with regards to travelling to and from its destinations in Asia, these could also affect Finnair's business and the success of its strategy. In addition, Finnair's Asia strategy could be affected by a number of factors outside of Finnair's control, such as reversals or delays in the opening of foreign markets, exchange controls, currency and political risks, taxation and changes in international government regulation of Finnair's operations, including the inability to obtain or retain needed authorisations for accessing certain routes and/or airport slots.

The strategic and commercial arrangements with **one**world™ alliance members provide Finnair with important benefits, including joint capacity planning, risk sharing, leveraging networks and sales strength within joint businesses in addition to codesharing, efficient connections and transfers, reciprocal participation in frequent flyer programmes and use of airport lounges of the other members. Therefore, any adverse developments affecting the **one**world™ alliance may have a material adverse effect on Finnair. Such adverse developments may include one or more member airlines terminating their membership in favour of another alliance or a member airline being suspended as a result of insolvency or for other reasons. In addition, Finnair could in the future need to terminate its membership in the **one**world™ alliance without being able to join another competitive strategic alliance or form other cooperation arrangements with suitable partners, which could have a material adverse effect on the business prospects and results of operations of Finnair.

A failure by Finnair to implement its strategy or materialisation of any of the above risks may have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

The proposed change in the Finnish pension system concerning the statutory retirement age may increase Finnair's pension liabilities

In autumn 2014, the Finnish labour market organisations agreed on reforms to the public pension system, involving, among other things, a gradual increase of the statutory retirement age from 63 to 65 years. The Finnish Parliament is expected to adopt the relevant legislation in late 2015, and it is expected to become effective at the beginning of 2017. Finnair's pilot pension benefits, which exceed the existing statutory pension benefits in Finland, form part of their collective labour agreement. Therefore, Finnair has conducted negotiations with its pilots in an effort to adjust the conditions of their defined-benefit supplementary pensions to mitigate the impact of the legislative amendment on Finnair. However, as at the date of this Listing Prospectus, no agreement has yet been reached. If the legislation on reforming the employee pension scheme is passed as law, as currently set out in the Government Bill, but the pension benefits of Finnair's pilots cannot be aligned with the public pension reform, Finnair would be liable for the additional costs associated with the implementation of the legislative reform. Consequently, Finnair estimates that its pension obligations would increase by a total of approximately EUR 30 million. This would be reflected in Finnair's balance sheet after the adoption of the legislation, potentially in the financial statements ending December 31, 2015. In addition, the change would increase annual staff costs by approximately EUR 2 million.

The supplementary pension benefit negotiations concern approximately 700 pilots currently employed by Finnair. On average, Finnair pilots retire with a supplementary pension at the age of 58 years. The supplementary pensions under the collective labour agreement for new pilots being recruited by Finnair are defined-contribution. Therefore, the legislative reform has no impact on the related pension cost.

Finnair is actively exploring ways to mitigate the impact of implementing the pension reform, which was agreed by the Finnish labour market organisations, without incurring undue extra costs to Finnair. However, there can be no assurance that Finnair will succeed in doing so. A failure to successfully mitigate the impact of the pension reform could have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Finnair may not be successful in its ongoing strategic initiatives to improve productivity and reduce operating costs

In 2014, Finnair reached cost-savings agreements with Finnair's employee groups that enabled Finnair to complete its programme, begun in 2010, to reduce annual costs by EUR 200 million. As part of an effort to sustainably grow revenue while also controlling costs, Finnair also introduced several new product upgrades and service updates and began implementing a new commercial strategy. While Finnair has achieved its original cost reduction target, it continues to pursue further savings in all cost categories. This is essential to improving Finnair's competitiveness, as cost reduction measures taken by competitors, intensified competition and the implementation of fleet investments in the coming years require a substantial improvement in profitability.

As part of its restructuring and cost savings initiatives Finnair has focused on its core airline business and formed partnerships in supporting areas, such as catering, ground handling and aircraft maintenance. These partnerships allow Finnair to benefit from the economies of scale large service providers can have. The achievement of the strategic gains and cost reductions sought through Finnair's partnership and outsourcing projects involve various risks. Thus, there can be no assurance that the cost savings will be generated as expected or that Finnair achieves the expected strategic benefits from such partnerships. Furthermore, Finnair may not be able to realise the targeted value of key partner or vendor relationships.

The adequacy and ultimate success of Finnair's initiatives to control costs and improve productivity are not known at this time and cannot be assured. Moreover, whether these initiatives will be adequate or successful depends largely on factors beyond Finnair's control, notably the overall industry environment, including passenger demand, unit revenues and industry capacity growth and jet-fuel prices as well as the legal and regulatory environment. Failure to successfully implement these initiatives may have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

The amount of indebtedness that Finnair currently has and which it may incur in the future could have a material adverse effect on Finnair

Finnair has, and will continue to have, a significant amount of indebtedness, including substantial fixed obligations under aircraft leases and financings. As at 30 June 2015, Finnair's gearing adjusted for leasing liabilities was 81.4 per cent. In addition to internal financing, the ongoing fleet renewal programme is expected to require additional external financing as discussed below. The ability of Finnair to make scheduled payments under its indebtedness will depend on, among other things, its future operating performance and its ability to refinance its indebtedness, if necessary. Each of these factors is, to a large extent, subject to economic, financial, competitive, regulatory, operational and other factors, many of which are beyond Finnair's control. There can be no assurance that Finnair will be able to generate sufficient cash from its operations to pay its debts and lease obligations in the future or to refinance its indebtedness.

Finnair's current financing arrangements do not contain any restrictive financial covenants, but Finnair's EUR 180 million revolving credit facility, which is unutilised, requires Finnair to procure that the adjusted gearing ratio shall not at any time be equal to or greater than 175 per cent. The credit facility will mature in July 2016. Finnair's future borrowings and financing arrangements may be subject to covenants which limit Finnair's operating and financial flexibility.

Finnair's investment commitments for property, plant and equipment (including firm aircraft orders) as at 30 June 2015 totalled EUR 1,981 million. Finnair may order additional aircraft in the future, which could substantially increase its financing needs. Finnair is currently planning to finance its new aircraft acquisitions with cash flows from operations, debt financing and sale and leaseback arrangements and, to a lesser extent, proceeds from the sale of existing aircraft. There can be no assurance that Finnair will continue to be able to obtain, on a timely basis, sufficient funds on terms acceptable to Finnair in order to maintain adequate liquidity and to finance the operating and capital expenditures necessary to support its business strategy in case cash flows from operations and cash on hand are insufficient. Failure to generate additional funds, whether from operations or additional debt or equity financings, may require Finnair to delay or abandon some or all of its anticipated expenditures or to modify its business strategy. Further, the ability of competitors to raise money more easily and on more favourable terms could create a competitive disadvantage for Finnair.

Materialisation of any of the above risks may have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Capacity constraints at airports or an inability to acquire and maintain airport slots or overflight rights may have a material adverse effect on Finnair's business, financial condition or results of operations

Air traffic is limited by the infrastructure of airports and the number of slots available for aircraft arrivals and departures. With the increase of global air traffic, take-off and landing slots at many airports have become a scarce commodity. It is important for Finnair to acquire and maintain slots at peak times at Helsinki-Vantaa Airport in Finland in order to maintain and develop its network and hub connectivity. Likewise, it is important to secure slots from other key airports in Finnair's network. Finnair's plans to open new destinations may be delayed or restricted should it not be able to obtain the required slots.

Finnair's home airport is at Helsinki-Vantaa, Finland and any matters adversely affecting Helsinki-Vantaa Airport may adversely affect the business, financial condition or results of operations of Finnair. In order to effectively implement Finnair's growth strategy, Finnair is dependent on Helsinki-Vantaa Airport continuing to offer adequate capacity, cost-efficient and high-quality services to support Finnair's strategy. Adequate gate capacity is essential for Finnair's business. There can be no assurance that increased air traffic would not result in severe congestion and delays due to the airport's space restrictions and security measures. This would constitute a considerable risk for the short-haul connecting traffic, which is critical to Finnair. Furthermore, the potential impact of noise and time restrictions imposed by airports must also be taken into account. In relation to Asian traffic, the transfer of passengers and goods from one flight to another at Helsinki-Vantaa Airport is increasing and, in the short-term, this could lead to delays due to the airport's space restrictions.

The price and availability of over-flight rights, which allow airlines to fly over individual countries or territories, as well as the cost of traffic charges, such as arrival, departure and navigation charges, affects Finnair's business operations to a material extent. Increases in the prices of these charges and over-flight rights and/or absence of such rights may have a material adverse effect on Finnair's business.

Materialisation of any of the above risks may have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Finnair's dependence on aircraft manufacturer Airbus will increase in the future and any problems associated with Airbus aircraft may have a material adverse effect on Finnair

A key component of Finnair's business plan is the renewal of its fleet by phasing out the oldest aircraft types and acquiring new aircraft in a timely manner to ensure the successful and cost-efficient implementation of its growth strategy. For example, Finnair plans to phase out its A340-300 aircraft by the end of 2017, following the successful delivery and entry into service of the A350-900 XWB aircraft. Finnair has ordered a total of 19 Airbus A350-900 XWB aircraft from Airbus. Based on the current delivery schedule, Finnair will receive the first four A350-900 XWB aircraft in the second half of 2015, seven between 2016 and 2017, and eight more between 2018 and 2023.

After the contemplated fleet renewal, Finnair's dependence on Airbus aircraft, particularly for its long-haul fleet, makes it vulnerable to any problems that might be associated with the aircraft or its manufacturer. In addition, Finnair is also dependent on Rolls-Royce Ltd, which manufactures and maintains the Trent engines, and Lufthansa Technik AG, which is responsible for certain maintenance processes. Finnair could be adversely affected if a design defect or mechanical problem with any of its Airbus aircraft or any other type of aircraft that Finnair subsequently operates were discovered, causing these aircraft to be grounded while any such defect or problem was corrected, or while attempts were made to correct such defect or problem. Similarly, if a manufacturer experiences financial difficulties, goes out of business or defaults on its obligations to Finnair, this could have material adverse consequences on Finnair. Further, Finnair could also be materially and adversely affected if its customers were to avoid flying with Finnair due to an adverse public perception of its Airbus aircraft caused by safety concerns or other problems, whether real or perceived.

Materialisation of any of the above risks may have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Finnair's dependence on third-party suppliers has increased in recent years, exposing it to the risk that quality and availability issues and/or unexpected costs associated with third-party suppliers have an adverse effect on Finnair

Finnair's business is dependent upon its ability to secure goods and services from a number of suppliers. Finnair has entered into agreements with third-party suppliers to provide for services such as catering, ground handling, aircraft maintenance, passenger handling, aircraft handling, baggage service and ticket counter space. An interruption in the provision of goods or services from any of these suppliers or any inability to renew these agreements or renegotiate contracts with other providers at comparable prices could have a material adverse effect on Finnair. Such interruptions may arise as a result of a wide range of causes, many of which are beyond Finnair's control. Similarly, the efficiency, timeliness and quality of contract performance by third-party providers are largely beyond Finnair's direct control and, if these are inadequate, the reputation and performance of Finnair could be materially and adversely affected.

Materialisation of any of the above risks may have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Finnair may not achieve its goals in future negotiations regarding the terms of collective labour agreements of its unionised work groups, exposing it to the risk of strikes and other work-related disruptions

Most of Finnair's employees are unionised. While Finnair was able to reach savings on new collective labour agreements with all employee groups in 2014 and has collective labour agreements in place with all employee groups, there can be no assurance that Finnair's future agreements with labour unions can be negotiated to the long-term benefit of Finnair or that the outcome of new negotiations, mediations or arbitrations will be on terms consistent with Finnair's expectations or comparable to agreements entered into by other airlines. If the Issuer or its affiliates are unable to reach an agreement with any of their unionised work groups in future negotiations regarding the terms of their collective labour agreements or if additional segments of Finnair's workforce become unionised, they may be subject to work interruptions or stoppages.

Materialisation of any of the above risks may have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Finnair is dependent on its capability to attract, train and retain qualified airline personnel

Finnair is dependent on qualified airline personnel, in particular pilots, cabin crew and employees with qualifications in aircraft maintenance, information technology and sales. The implementation of Finnair's growth strategy will require hiring of new personnel and there can be no assurance that Finnair will be able to retain employees in key positions or recruit a sufficient number of new employees with appropriate technical qualifications at a cost which enables Finnair to remain competitive.

Materialisation of any of the above risks may have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Finnair is dependent on the uninterrupted operation and security of information technology systems

Finnair has become increasingly dependent on information technology initiatives to reduce costs and to enhance customer service in order to compete in the current business environment. It depends on automated information systems and technology, including its computerised airline reservation system, its flight operations system, its website, its telecommunication systems and other automated systems. Thus, the performance and the reliability of information technology are critical to Finnair's ability to attract and retain customers and for Finnair's ability to compete effectively and implement its commercial strategy. These initiatives will continue to have a direct impact on information technology and data security costs and, in addition, the development of the information system solutions and the information technology environment requires continuous investments.

Finnair has increased its ticket sales over the internet during recent years. A fundamental requirement for online commerce, including sales of tickets online, is the secure transmission of confidential information. Finnair may incur significant costs to protect against the threat of security breaches or to alleviate problems caused by any such breaches. Alleviating these problems could cause interruptions, delays or cessations in service to Finnair's customers, which could adversely affect Finnair's reputation and deter its customers from using its service or lead them to assert claims against Finnair.

In addition, any internal error or failure or external interruption in information technology infrastructure Finnair depends on, such as power, telecommunications or the internet, may disrupt its information technology network. Any individual, sustained or repeated failure of information technology could impact Finnair's customer service and result in increased costs. Like all companies, Finnair's information technology systems and related data may be vulnerable to a variety of sources of interruption due to events beyond its control, including natural disasters, terrorist attacks, telecommunications failures, computer viruses, hackers and other security issues. Although Finnair is continually developing its information security and situation-management preparedness for serious disruptions to information systems and telecommunications, these measures may not be adequate or implemented properly to prevent a business disruption.

Materialisation of any of the above risks may have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Any deterioration in brand image or consumer confidence in the Finnair brand may adversely affect Finnair's ability to market its services and attract and retain customers

As part of its overall business model, Finnair relies on positive brand recognition, among other factors, to attract customers. Any deterioration in brand image or consumer confidence in its brand might adversely affect Finnair's ability to market its services and attract and retain customers which in turn may have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Possible litigation and arbitration proceedings may have a material adverse effect on Finnair

Finnair may, from time to time, be involved in litigation and arbitration proceedings. There can be no assurance as to the outcome of these proceedings, and Finnair's reputation could be harmed even if a favourable judgment is received. If an unfavourable judgment against Finnair would be made in either of these claims, it may have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Finnair is exposed to the residual value risk and also to the impairment of the value of the aircraft it owns during the ownership period

When acquiring an aircraft, Finnair enters into an agreement with the manufacturer to purchase the aircraft. The decision whether to own or sell and leaseback the aircraft is typically taken prior to the expected delivery of the aircraft. Finnair is therefore exposed to fluctuations in the second-hand aircraft market. If Finnair decides to own the aircraft, fluctuations in the value of the aircraft will have an adverse effect on Finnair's financial condition and results of operations should the value of the aircraft be impaired. A decrease in the second-hand prices or a delay in the planned disposal of second-hand aircraft may involve risks for Finnair, especially to the extent that Finnair wishes or needs to rely on the sales proceeds of sold aircraft to discharge debts relating to the financing of such aircraft. Currency fluctuations and negative development in the general market conditions may also decrease the market value of Finnair's owned fleet.

Materialisation of any of the above risks may have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Regulatory Risks

Changes to the existing bilateral agreements or the trade relationship between the EU and Russia and/or other non-EU countries may have a material adverse effect on the business, financial condition or results of operations of Finnair

Any disagreements in the trade relationship between the EU and Russia may cause Russia to impose new fees or otherwise limit traffic over Russia. Any such developments would have a material adverse effect on the business, financial condition or results of operations of Finnair as flight routes over Russia are critical to Finnair's competitiveness. In addition, there can be no assurance that existing bilateral agreements with Russia and other non-EU countries will not change, which could impact Finnair's ability to profitably serve long-haul destinations, and which could have a material adverse effect on the business, financial condition or results of operations of Finnair.

The Regulation (EC) No 847/2004 of the European Parliament and of the Council of 29 April 2004 on the negotiation and implementation of air service agreements between EU member states and third countries sets forth principles designed to ensure an adequate exchange of information within the EU, so that EU member states, in their bilateral relations with third countries in the area of air service, do not risk infringing EU law. EU member states may also delegate their powers to the European Commission to negotiate agreements with third countries on behalf of all the EU member states.

The EU Court ruling on compensations for delayed flights may result in additional costs for Finnair

The Court of Justice of the EU confirmed in October 2012 its previous ruling from 2009 that passengers whose flights have been delayed for at least three hours may be entitled to standardised compensation, unless the delay is caused by extraordinary circumstances. The ruling may increase the compensations payable to passengers and thereby incur additional costs for Finnair. In 2013, the Commission adopted a proposal for a Regulation of the European Parliament and of the Council amending Regulation (EC) 261/2004 establishing common rules on compensation and assistance to passengers in the event of denied boarding and of cancellation or long delay of flights, and Regulation (EC) 2027/97 on air carrier liability in respect of the carriage of passengers and their baggage by air. The proposal is subject to the ordinary legislative procedure of the EU, which requires the approval from both the European Parliament and the Council. In February 2014, the Commission and Parliament agreed on, inter alia, new time limits regarding the right to care, complaint handling and right to information. However, the legislative process is still ongoing.

There can be no assurance that Finnair will not be subject to an increased number of such claims or complaints in the future, which could have material adverse effect on Finnair's business, financial condition, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Airlines may be adversely affected by any future application of restrictions in regard to noise pollution, greenhouse gas emissions and other environmental laws and regulations

Airlines can have their activities restricted on account of noise control regulations. Noise control regulations typically concentrate on the level of noise and its impact on environment, especially in areas close to airports. Permits may, for example, include restrictions on night flights to meet the imposed noise level requirements. Any such restrictions on night flights would affect Finnair's scheduling and operations at Helsinki-Vantaa Airport as Finnair currently has many flights landing and taking-off between midnight and 5 am (Central European time).

Although environmental liability issues (such as soil contamination liabilities) are primarily covered by airports, airlines may be subject to direct or indirect environmental liabilities and incur additional costs. Inadvertent environmental damage might occur in the form of leaks of harmful or hazardous substances that could contaminate real estate or pollute waterways or groundwater. The event of such contamination or pollution could result not only in possible fines or other public law sanctions, but also in considerable costs for removal, restoration and disposal, as well as further liability risks. Public knowledge of such environmental damage caused by Finnair could also damage its reputation significantly.

Airlines may also be subject to additional costs in the case of changes in the Emissions Trading Scheme (ETS). The direct costs of emissions trading in the coming years may increase due to potential changes to the current ETS model.

Materialisation of any of the above risks may have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

The adoption of new national, regional and international regulations or revisions to existing regulations may have a material adverse effect on Finnair

The airline industry is subject to national, regional and international laws and regulations, relating to, among other things, security, safety, licensing, competition, data protection, noise levels and the environment. Additional laws and regulations may be adopted from time to time which could impose additional requirements or restrictions on airline operations. The adoption of such new laws and regulations or revisions may have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

RISK FACTORS RELATING TO THE CAPITAL SECURITIES

The following risk factors are, among other things, material in order to assess the risks associated with the Capital Securities. Words and expressions in this section shall have the respective meaning defined in Annex A: "*Terms and Conditions of the Capital Securities*".

The Capital Securities may not be a suitable investment for all investors

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

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Capital Securities, the merits and risks of investing in the Capital Securities and the information contained in or incorporated by reference into this Listing Prospectus;

(b) understand thoroughly the Terms and Conditions of the Capital Securities;

(c) reach an investment decision only after careful consideration of the information contained in or incorporated by reference into this Listing Prospectus;

(d) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Capital Securities and the impact the Capital Securities will have on its overall investment portfolio;

(e) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Capital Securities; and

(f) be able to evaluate (either alone or with the help of a financial and/or other professional adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Investors of the Capital Securities are exposed to credit risk in respect of the Issuer

Investors of the Capital Securities are exposed to a credit risk in respect of the Issuer. The investor's possibility to receive payment under the Capital Securities is thus dependent on the Issuer's ability to fulfil its payment obligations, which, in turn, is to a large extent dependent on developments in Finnair's business and financial performance.

Exchange rate risk and exchange controls

The Issuer will pay principal and interest on the Capital Securities in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit other than euro (the "**Investor's Currency**"). These include the risk that exchange rates may significantly change (including changes due to devaluation of euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. As a result, investors may receive less interest or principal than expected.

An active trading market for the Capital Securities may not develop (liquidity risk)

There can be no assurance that an active trading market for the Capital Securities will develop. If an active trading market does develop, there can be no assurance that it will be maintained. If an active trading market for the Capital Securities does not develop or is not maintained, the market or trading price and liquidity of the Capital Securities may be adversely affected. The Issuer is entitled to buy and sell the Capital Securities for its own account or for the account of others, and to issue further securities. Such transactions may favourably or adversely affect the price development of the Capital Securities. If additional and competing products are introduced in the markets, this may adversely affect the value of the Capital Securities.

No assurance of listing of the Capital Securities

Application has been made by the Issuer for the Capital Securities to be admitted to public trading and listed on the Helsinki Stock Exchange. While the Issuer expects such listing and admission to occur, there is no assurance that such application will be granted or when.

Market value of the Capital Securities

The market value of the Capital Securities will be affected by the creditworthiness of the Issuer and a number of additional factors, including, but not limited to, the value of the reference rate, its volatility, market interest and yield rates and the perpetual nature of the Capital Securities. The value of the Capital Securities depends on a number of interrelated factors, including economic, financial and political events in Finland or elsewhere, including factors affecting capital markets generally and the stock exchanges on which the Capital Securities are traded. The price at which a Holder may be able to sell the Capital Securities from time to time may be at a discount, which could be substantial, from the issue price or the purchase price paid by such Holder.

Taxation

Potential purchasers and sellers of the Capital Securities should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Capital Securities are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for financial instruments such as the Capital Securities. Certain Finnish and EU tax matters relating to an investment in the Capital Securities are summarised under the section entitled "*Taxation*"; however, that section does not contain a comprehensive description of the tax impact of an investment in the Capital Securities and the tax impact on an individual Holder may differ from the situation described for Holders generally. Potential investors are advised not to rely upon the tax section contained in this Listing Prospectus, but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, sale and redemption of the Capital Securities. Only these advisors are in a position to duly consider the specific situation of the potential investor.

Each prospective investor should consult its own advisers as to legal, tax and related aspects of an investment in the Capital Securities.

A Holder's effective yield on the Capital Securities may be diminished by the tax impact on that Holder of its investment in the Capital Securities.

EU Savings Directive

On 3 June 2003, the European Council of Economics and Finance Ministers adopted a directive 2003/48/EC regarding the taxation of savings income in the form of interest payments (the "**Savings Directive**"). The Savings Directive requires EU member states, subject to a number of conditions being met, to provide to the tax authorities of another EU member state details of payments of interest and other similar income paid by a paying agent located within their jurisdiction to, or for the benefit of, an individual resident in that other EU member state, or to certain limited types of entities established in that other EU member state. However, for a transitional period, Austria is instead required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld). The rate of this withholding tax is currently 35 per cent. Luxembourg operated such a withholding system until 31 December 2014 but the Luxembourg government has elected out of the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Savings Directive. A number of non-EU countries and territories have adopted similar measures. On 24 March 2014, the Council of the EU adopted a Directive amending the Savings Directive (the "**Amending Directive**"), which, when implemented, will amend and broaden the scope of the requirements described above. In particular, the Amending Directive will broaden the categories of entities required to provide information and/or withhold tax pursuant to the Savings Directive, and will require additional steps to be taken in certain circumstances to identify the beneficial owner of interest (and other income) payment, through a "look through" approach. The EU member states will have until 1 January 2016 to adopt the national legislation necessary to comply with this Amending Directive and are required to apply these new requirements from 1 January 2017.

The Savings Directive may, however, be repealed in due course in order to avoid overlap with the amended Council Directive 2011/16/EU on administrative cooperation in the field of taxation, pursuant to which EU member states other than Austria will be required to apply other new measures on mandatory automatic exchange of information from 1 January 2016. Austria has an additional year before being required to implement the new measures but it has announced that it will nevertheless begin to exchange information automatically in accordance with the timetable applicable to the other EU member states.

Investors should inform themselves of, and where appropriate take advice on the impact of the Savings Directive and the Amending Directive on their investment. See also "*Taxation – EU Savings Directive*".

Investors should be aware that pursuant to the Terms and Conditions of the Capital Securities, if a payment were to be made under the Savings Directive (as amended from time to time) and an amount of, or in respect of tax is withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Capital Security as a result of the imposition of such withholding tax.

Potential conflict of interest

Certain of the Joint Lead Managers 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 its affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Joint Lead Managers 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 Joint Lead Managers 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 Joint Lead Managers 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 Capital Securities to be issued hereunder. Any such short positions could adversely affect future trading prices of Capital Securities to be issued hereunder. The Joint Lead Managers 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.

Investors may forfeit interest and principal amount invested

Should the Issuer become insolvent during the term of the Capital Securities, an investor may forfeit interest payable on, and the principal amount of, the Capital Securities in whole or in part. An investor is solely responsible for the economic consequences of his/her investment decisions.

Capital Securities are deeply subordinated obligations of the Issuer

The Capital Securities are unsecured, deeply subordinated obligations of the Issuer and are currently the most junior debt instruments of the Issuer, ranking behind all the claims of unsubordinated creditors of the Issuer and the claims of the creditors in respect of Issuer Subordinated Indebtedness, at least *pari passu* with any present or future outstanding New Capital Securities of the Issuer, and in priority to payments to the holders of all classes of share capital of the Issuer in their capacity as such holders and any other obligation of the Issuer expressed by its terms to rank junior to the Capital Securities. The Holders would be unsecured and subordinated creditors in the event of the Issuer's voluntary or involuntary liquidation, bankruptcy or reorganisation and the Holders could lose their entire investment. Accordingly, any adverse change in the financial condition and prospects of the Issuer may adversely affect the liquidity, values and market prices for the Capital Securities, and significantly reduce the probability that the Holder will receive prompt and full payment, when due, for principal, interest and/or any other amounts and items payable to the Holders pursuant to the Capital Securities from time to time. In addition to the Capital Securities being subordinated obligations of the Issuer themselves, the Capital Securities will effectively be subordinated to claims of all creditors of the Issuer's subsidiaries, including trade creditors, secured creditors and creditors holding indebtedness and guarantees issued by the subsidiaries.

There is no guarantee or security for the Capital Securities

The Capital Securities will not be obligations of anyone other than the Issuer and they will neither be guaranteed nor secured by any person. No one other than the Issuer will accept any liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Capital Securities.

The Issuer or Capital Securities are not rated

Neither the Issuer nor the Capital Securities nor any other long-term indebtedness of the Issuer are currently rated by any rating agency nor is it the current intention of the Issuer to request any such rating. One or more independent credit rating agencies may independently assign credit ratings to the Capital Securities. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Capital Securities. A rating or the absence of a rating is not a recommendation to buy, sell or hold securities.

Capital Securities are perpetual

The Capital Securities are perpetual securities with no specified final maturity date. The Issuer is under no obligation to redeem the Capital Securities at any time. The Holders have no right to call for their redemption and, therefore, the Holders should be aware that they may be required to bear the financial risks of an investment in the Capital Securities for an indefinite period of time and may not recover their investment in the foreseeable future.

The Issuer has the right to defer interest payments

The Issuer has the right to defer any payment of interest on the Capital Securities if the requirements for deferral set out in the Terms and Conditions of the Capital Securities are satisfied. As a result, the sequence of future payments to the Holders is uncertain.

Interest, which accrues during an Interest Period ending on, but excluding, an Interest Payment Date, will be due on that Interest Payment Date, unless the Issuer elects to defer such payment in whole or part, and the Issuer shall not have any obligation to make such payment and any failure to so pay shall not constitute a default by the Issuer under the Capital Securities or for any other purpose.

Any interest in respect of the Capital Securities, which has been deferred on an Interest Payment Date, shall constitute arrears of interest and bear interest, and shall be payable, as described in Clause 6 (*Interest Payment and Deferral*) of Annex A: "*Terms and Conditions of the Capital Securities*".

The Issuer shall not be entitled to elect to defer any such payment of interest, and any deferred interest shall become payable, as described in such Clause 6.

Any deferral of interest payments will be likely to have an adverse effect on the market price of the Capital Securities. In addition, as a result of the above provisions of the Capital Securities, the market price of the Capital Securities may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to the above provisions and may be more sensitive generally to adverse changes in the Issuer's financial condition.

Risk of early redemption following the occurrence of a Withholding Tax Event, a Tax Event, an Accounting Event, a Change of Control or a Replacing Capital Event

The Issuer may, at its option, redeem all, but not some only, of the Capital Securities on the First Reset Date and on any Interest Payment Date thereafter, and at any time following the occurrence of a Tax Event, an Accounting Event, a Change of Control, a Withholding Tax Event or a Replacement Capital Event, as described in Clause 7 (*Redemption and Purchase*) of Annex A: "*Terms and Conditions of the Capital Securities*".

In the event of an early redemption of the Capital Securities following the occurrence of a Withholding Tax Event or a Change of Control, such redemption of the Capital Securities will be made at the principal amount of the Capital Securities together with any accrued interest and arrears of interest (including any Deferred Interest), as described in such Clause 7. In the event of an early redemption at the option of the Issuer following the occurrence of a Tax Event, an Accounting Event or Replacing Capital Event such redemption of the Capital Securities will be made (i) in the case of a Tax Event or an Accounting Event, at 101 per cent. of the principal amount of the Capital Securities, (ii) in the case of a Replacing Capital Event, at 103 per cent. of the principal amount of the Capital Securities and (iii) in all such cases, at their principal amount together with any accrued interest and any arrears of interest (including any Deferred Interest) where such redemption occurs on or after the First Reset Date, as described in such Clause 7.

The redemption at the option of the Issuer might adversely affect the market value of such Capital Securities. During any period when the Issuer may elect to redeem the Capital Securities, the market value of the Capital Securities generally will not rise substantially above the price at which they can be redeemed. The Issuer may also be expected to redeem the Capital Securities when its cost of borrowing is lower than the interest rate on the Capital Securities. There can be no assurance that, at the relevant time, Holders will be able to reinvest the redemption proceeds at an effective interest rate as high as the return that would have been received on such Capital Securities had they not been redeemed. Potential investors should consider reinvestment risk in light of other investments available at that time.

Interest Rate Risk

Interest on the Capital Securities before the First Reset Date, which is calculated at a fixed rate, involves the risk that subsequent changes in market interest rates may adversely affect the value of the Capital Securities. While the nominal interest rate of a fixed interest rate security is fixed, in this case, during a certain period of time, the current interest rate on the capital markets (market interest rate) typically changes on a daily basis. As the market interest rate changes, the price of such security changes in the opposite direction. If the market interest rate increases, the price of such security typically falls, until the yield of such security is approximately equal to the market interest rate. If the market interest rate decreases, the price of a fixed rate security typically increases, until the yield of such security is approximately equal to the market interest rate. Holders should be aware that movements of the market interest rate can adversely affect the price of the Capital Securities and can lead to losses for the Holders if they sell Capital Securities during the period in which the market interest rate exceeds the fixed rate of the Capital Securities.

Following the First Reset Date, interest on the Capital Securities shall be calculated on the basis of the mid swap rates for euro swap transactions with a maturity of five years plus the margin. These mid swap rates are not pre-defined for the lifespan of the Capital Securities. Higher mid swap rates for euro swap transactions mean a higher interest and lower mid swap rates for euro swap transactions with a maturity of five years mean a lower interest.

Risk relating to the change in the Interest Rate

The interest rate of the Capital Securities will be reset on each Reset Date. Such rate will be determined two Business Days before the First Reset Date (and re-determined every five years thereafter) and as such is not pre-defined at the date of issue of the Capital Securities; such re-determined rate may be different from the initial rate and may adversely affect the yield of the Capital Securities.

No limitation on issuing additional debt or granting of security

There is no restriction on the amount of debt that the Issuer may issue or guarantee that ranks senior or *pari passu* to the Capital Securities. Nor is there any restriction on granting of security by the Issuer on any existing or future debts. Such issuance of further debt or granting of security may reduce the amount recoverable by the Holders upon the winding-up or insolvency of the Issuer or may increase the likelihood that the Issuer elects to defer interest payments under the Capital Securities.

The Holders of the Capital Securities have no voting rights

The Holders have no voting rights with respect to the Annual General Meetings of Shareholders of the Issuer. Consequently, in the Issuer's Annual General Meetings of Shareholders the Holders cannot influence any decisions by the Issuer to redeem the Capital Securities or any decisions by the Issuer's shareholders concerning, for instance, the capital structure of the Issuer.

Amendments to the Capital Securities bind all Holders

The Terms and Conditions of the Capital Securities may be amended in certain circumstances, with the required consent of a defined majority of the Holders. The Terms and Conditions of the Capital Securities contain provisions for Holders to call and attend meetings to consider and vote upon matters affecting their interests generally. Resolutions passed at such meetings can bind all Holders, including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority. This may result in financial losses, among other things, for all Holders, including such Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority.

The completion of transactions relating to the Capital Securities is dependent on Euroclear Finland's operations and systems

The Capital Securities are issued in the book-entry securities system of Euroclear Finland. Pursuant to the Finnish Act on the Book-Entry System and Clearing and Settlement (749/2012, as amended), the Capital Securities will not be evidenced by any physical note or document of title other than statements of account made by Euroclear Finland or its account operator. The Capital Securities are dematerialised securities and title to the Capital Securities is recorded and transfers of the Capital Securities are effected only through the relevant entries in the book-entry system and registers maintained by Euroclear Finland and its account operators. Therefore, timely and successful completion of transactions relating to the Capital Securities, including but not limited to transfers of, and payments made under, the Capital Securities, depend on the book-entry securities system being operational and that the relevant parties, including but not limited to the payment transfer bank and the account operators of the Holders, are functioning when transactions are executed. Any malfunction or delay in the book-entry securities system or any failure by any relevant party may result in the transaction involving the Capital Securities not taking place as expected or being delayed, which may cause financial losses or damage to the Holders whose rights depended on the timely and successful completion of the transaction.

The Issuer and third parties will not assume any responsibility for the timely and full functionality of the book-entry securities system. Payments under the Capital Securities will be made in accordance with the laws governing the book-entry securities system, the rules of Euroclear Finland and the Terms and Conditions of the Capital Securities. For purposes of payments under the Capital Securities, it is the responsibility of each Holder to maintain with its respective book-entry account operator up to date information on applicable bank accounts.

There can be no assurance as to the impact of change of laws or practices

The Capital Securities are governed by the laws of Finland and their Terms and Conditions are based on Finnish law in effect on the date of this Listing Prospectus. Finnish laws (including but not limited to tax laws) and regulations governing the Capital Securities may change during the life of the Capital Securities, and new judicial decisions may be given and administrative practices develop. No assurance can be given as to the impact of any such possible change of laws or regulations, or new judicial decision or administrative practice occurring after the date of this Listing Prospectus. Hence, if any such event arises, it may have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities. Such event may also cause material financial losses or damage to the Holders.

There are no events of default or cross default under the Capital Securities

The Terms and Conditions of the Capital Securities do not provide for events of default, including cross default allowing acceleration of the Capital Securities if certain events occur. Accordingly, if the Issuer fails to meet any obligations under the Capital Securities, including the payment of any interest, investors will not have the right of acceleration of principal. Upon a payment default, the sole remedy available to Holders for recovery of amounts owing in respect of any payment of principal or interest on the Capital Securities will be the institution of proceedings to enforce such payment. Notwithstanding the foregoing, the Issuer will not, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

The Capital Securities do not contain covenants governing the Issuer's operations and do not limit its ability to merge, effect asset sales or otherwise effect significant transactions that may have a material adverse effect on the Capital Securities and the Holders

The Capital Securities do not contain provisions designed to protect Holders from a reduction in the creditworthiness of the Issuer. In particular, the Terms and Conditions of the Capital Securities do not restrict the Issuer's ability to enter into a merger, asset sale or other significant transaction that could materially alter its existence, jurisdiction of organisation or regulatory regime and/or its composition and business. In the event the Issuer was to enter into such a transaction, Holders could be materially and adversely affected.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Capital Securities are legal investments for it, (2) Capital Securities can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Capital Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Capital Securities under any applicable risk-based capital or similar rules.

Accounting treatment of the Capital Securities under the International Financial Reporting Standards

Under the International Financial Reporting Standards (the "**IFRS**") as currently in force, the Capital Securities will be treated as equity in the Issuer's consolidated financial statements. However, there can be no assurance that this treatment will not change during the life of the Capital Securities. The Issuer is entitled to redeem the Capital Securities without the prior approval of the Holders in the event of any such change in accounting treatment (see "*Risk of early redemption following the occurrence of a Withholding Tax Event, a Tax Event, an Accounting Event, a Change of Control or a Replacing Capital Event*" above and Clause 7 (*Redemption and Purchase*) of Annex A: "*Terms and Conditions of the Capital Securities*"). Such amendments affecting the accounting treatment of the Capital Securities could have a material adverse effect on the Holders.

CERTAIN INFORMATION

Responsibility Statement

Finnair accepts responsibility for the completeness and accuracy of the information contained in this Listing Prospectus. To the best knowledge of Finnair, having taken all reasonable care to ensure that such is the case, the information contained in this Listing Prospectus is in accordance with the facts and contains no omission likely to affect its import.

Auditors

The consolidated financial statements of Finnair as at and for the financial years ended 31 December 2014 and 31 December 2013 incorporated by reference into this Listing Prospectus have been audited by PricewaterhouseCoopers Oy, Authorised Public Accountants, with Authorised Public Accountant Mikko Nieminen as auditor with the principal responsibility.

The Annual General Meeting of Shareholders held on 25 March 2015 re-elected as its auditor PricewaterhouseCoopers Oy, Authorised Public Accountants, with Authorised Public Accountant Mikko Nieminen as auditor with the principal responsibility. The business address of the auditor is Itämerentori 2, FI-00180 Helsinki, Finland.

Special Cautionary Notice Regarding Forward-Looking Statements

Certain statements in this Listing Prospectus, including, but not limited to, certain statements set forth under the captions "*General Overview*", "*Risk Factors*", "*Information about the Issuer and Finnair*" and "*Financial and Trend Information, Prospects*", are based on the beliefs of Finnair's management as well as assumptions made by and information currently available to it, and such statements may constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of Finnair, or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other important factors include, among other things, the risks described in the section "*Risk Factors*". The forward-looking statements are not guarantees of the future operational or financial performance of Finnair. In addition to factors that may be described elsewhere in the Listing Prospectus, the factors discussed under "*Risk Factors*" could cause Finnair's actual results of operations or its financial condition to differ materially from those expressed in any forward-looking statement. Should one or more of these risks or uncertainties materialise, or should any underlying assumptions prove to be incorrect, Finnair's actual results of operations, its financial condition or its ability to fulfil its obligations under the Capital Securities could differ materially from those described herein as anticipated, believed, estimated or expected. Finnair does not intend and does not assume any obligation to update any forward-looking statements contained herein unless required by applicable legislation. For additional information that could affect the results, performance or achievements of Finnair, see "*Risk Factors*".

Market and Industry Information

This Listing Prospectus contains information about Finnair's markets and Finnair's competitive position therein. Where certain market data and market estimates contained in this Listing Prospectus have been derived from third party sources, such as industry publications, the name of the source is given therein. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable, but the correctness and completeness of such information is not guaranteed. Information compiled and published by Airbus, MarketLine, Finavia Corporation ("**Finavia**"), OAG Worldwide Aviation Limited ("**OAG**") and the International Air Transport Association ("**IATA**") has been referred to in this Listing Prospectus under "*Information about the Issuer and Finnair – Finnish Airline Market Background*" and "*Financial and Trend Information, Prospects – Trend Information*". Finnair confirms that this information has been accurately reproduced and that, as far as Finnair is aware and is able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, neither Finnair nor the Joint Lead Managers have independently verified, nor do they give any assurances as to the appropriateness of, such information. Should this Listing Prospectus contain market data or market estimates in connection with which no source has been presented, such market data or market estimate is based on Finnair's management's good faith and reasonable estimates.

No Credit Rating

Neither the Issuer nor its debt securities (including the Capital Securities) have been assigned any credit ratings at the request or with the co-operation of the Issuer in the rating process.

No Incorporation of Website Information

This Listing Prospectus will be published on Finnair's website at www.finnairgroup.com/investors/investors_2.html. However, other contents of Finnair's website or any other website do not, and shall not be deemed to, form a part of this Listing Prospectus, and prospective investors should not rely on such contents in making their decision to invest in the Capital Securities.

Notice to Investors in the European Economic Area (Other Than Finland)

This Listing Prospectus has only been prepared for the Listing and does not constitute an offer to the public. Therefore, this Listing Prospectus has been prepared on the basis that all offers of the Capital Securities in the EEA will be made pursuant to an exemption under the Prospectus Directive, as implemented in the Member States, from the requirement to produce a prospectus under the Prospectus Directive for offers of securities. Accordingly, any person making or intending to make any offer of the Capital Securities within the EEA should only do so in circumstances in which no obligation arises for Finnair or the Joint Lead Managers to publish a prospectus under the Prospectus Directive for such offer. Neither Finnair nor the Joint Lead Managers have authorised, nor do they authorise, the making of any offer of securities through any financial intermediary.

For the purposes of this provision, the expression an "offer to the public" in relation to any of the Capital Securities in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer of the Capital Securities to be offered so as to enable an investor to decide to purchase any of the Capital Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State.

Notice to Prospective Investors in the United Kingdom

This Listing Prospectus has only been prepared for the Listing and does not constitute an offer to the public. Therefore, in the United Kingdom, this Listing Prospectus may only be communicated to persons in circumstances where the provisions of Section 21(1) of the Financial Services and Markets Act 2000, as amended (the "**FSMA**"), do not apply to the Issuer and is solely directed at persons in the United Kingdom who (a) have professional experience in matters relating to investments falling within Article 19(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or (b) persons falling within Article 49(2)(a) to (d) of the Order, or other persons to whom it may be lawfully communicated (all such persons together being referred to as "**relevant persons**"). This Listing Prospectus is directed only at relevant persons and any person who is not a relevant person must not act or rely on this document or any of its contents.

INFORMATION ABOUT THE ISSUER AND FINNAIR

Finnish Airline Market Background

The Finnish airline market has demonstrated stability and robust growth historically, growing at a compound annual growth rate (CAGR) of 4.6 per cent between 2010 and 2014, reaching an aggregate estimated size of approximately 9.9 million passengers in 2014. Concurrently, the market value of air travel in Finland has grown to an estimated EUR 1,340 million in 2014, representing a CAGR of 3.8 per cent over 2010 levels. Over the next five years, passenger volume growth is expected to continue, forecasted to grow at 3.3 per cent CAGR, reaching approximately 11.6 million by 2019. The total market value is forecasted to grow by 5.9 per cent CAGR, reaching EUR 1,787 million in 2019. These growth forecasts compare with those of the five largest European airline markets as described in the following table (source: MarketLine Industry Profiles: Airlines in Italy, Finland, Germany, France, the United Kingdom and Spain, May 2015; value is defined as the total revenue obtained by airlines from transporting passengers from all airports (departures) within specified country (excluding transit arriving and departing on same flight code); CAGR in U.S. dollar terms):

Airline market	**Value in 2014, EUR million**	**Growth (CAGR 2010–2014)**	**Forecasted growth (CAGR 2014–2019)**
Germany	18,415	5.0	5.2
United Kingdom	14,373	5.7	4.5
Italy	7,277	5.3	9.2
France	11,859	5.7	4.7
Spain	12,283	1.4	1.9

The main airport in Finland is Helsinki-Vantaa Airport. Helsinki-Vantaa Airport, with a relatively compact terminal layout, offers convenient transfers to passengers in a cost competitive way to airlines. The average cost per passenger incurred by airlines at Helsinki-Vantaa Airport (HEL) is EUR 26.1, compared to the average cost per passenger of Helsinki-Vantaa's main peer airports of EUR 31.6 at Copenhagen Airport (CPH), EUR 53.4 at Zurich Airport (ZRH), EUR 76.3 at Vienna Airport (VIE) and EUR 100.1 at Frankfurt Airport (FRA) (Finavia airport charges comparison sample: cost calculator implying average cost per passenger for Airbus A340-300, based on: international routes, maximum take-off weight 275 tonnes, maximum landing weight 192 tonnes, capacity 260, load factor 75 per cent). In 2013, the airport's operator Finavia launched a EUR 900 million investment plan to enable the airport to serve 20 million passengers by 2020. To help fund this investment, the Finnish Government injected EUR 200 million in Finavia. A number of infrastructure improvements were initiated at Helsinki-Vantaa Airport in 2014, while construction of new infrastructure is due to begin in 2016. The Finnish Government has a track-record of demonstrated strong support for the Finnish aviation hub, including the development of the Ring Rail Lane project. In 2009, the Finnish Transport Agency, the City of Vantaa and Finavia as joint developers initiated construction of the Ring Rail Line, a rail link enhancing access to Helsinki-Vantaa Airport from downtown Helsinki and the surrounding region. The Ring Rail Line became operational in July 2015.

Finnair is the main airline operating from Helsinki-Vantaa Airport, with 55 per cent market share of passenger air traffic to Europe (Source: MIDAS capacity data for Finnair's Helsinki-Europe destinations market share, excluding seasonal routes; L12M). Unlike some other European passenger air travel markets, the presence of low-cost carriers in the Finnish market is limited, with only Norwegian, the sole low-cost carrier currently operating in Finland, having a market share of 3 per cent or more. This compares favourably with the presence of multiple low cost carriers with material market share in Spain (Ryanair, EasyJet, Norwegian, Vueling), the United Kingdom (Ryanair, EasyJet) and Italy (Ryanair, EasyJet). The passenger air travel markets of France (easyJet) and Germany (Germanwings) on the other hand also have a relatively fragmented market share amongst the low cost carriers (Source: OAG data 2015, as of September 2015: market share of carrier in specific market is material (3 per cent or more). These factors make Finnair the leading airline in the Finnish domestic market.

General about the Issuer and Finnair

The business name of the Issuer is Finnair Plc. Finnair is a public limited liability company incorporated on 1 November 1923, and it is organised under the laws of the Republic of Finland. The Issuer is registered in the trade register maintained by the Finnish Patent and Registration Office (the "**Trade Register**") under the business identity code 0108023-3. Its registered address is Tietotie 9 A, FI-01530, Vantaa, Finland, and telephone number +358 600 0 81881.

Finnair is a European network carrier with operations in passenger and cargo traffic, offering smooth and fast connections in the northern hemisphere. Finnair's route network connects Europe, Asia and North America through its hub at Helsinki-Vantaa Airport. Finnair currently serves 13 Asian long-haul destinations (across nine countries), four North American long-haul destinations (three U.S. destinations and Toronto in Canada as a seasonal destination) and over 60 European destinations, across a mix of financial centres and leisure destinations. In July 2015, Finnair accounted for a 4.6 per cent market share in Europe-Asia routes, with 51.4 per cent of its RPKs (revenue passenger kilometres) being contributed by Asian traffic in 2014 (Source: MIDAS capacity data for Europe to Asia Finnair routes only, seasonal routes not included, July 2015). This compares with selected peers as follows: Air-France KLM with 23.4 per cent, Lufthansa with 23.1 per cent and IAG with 8.9 per cent, respectively, accounting for 6.0 per cent, 8.1 per cent and 5.2 per cent (British Airways market share only) market share in Europe-Asia routes, respectively. The greater exposure to Asia ideally positions Finnair to benefit from the high growth expected from the Asian aviation markets. In its Global Market Forecast Report 2015, Airbus reported that out of the 6.2 trillion global RPK in 2014, Asia accounted for 29 per cent (North America 25 per cent, Europe 25 per cent, Middle East 9 per cent, and others 12 per cent) and that this percentage is expected to grow to 36 per cent of global RPK by 2034 (estimated at 15.2 trillion) demonstrating a CAGR of 5.7 per cent over the period (North America 17 per cent with 2.5 per cent CAGR over the period, Europe 21 per cent with 3.6 per cent CAGR over the period, Middle East 13 per cent with 6.7 per cent CAGR over the period, and others 13 per cent).

Finnair's strategic areas focus around customer excellence (across business class and economy, short-haul and long-haul), intercontinental growth with Northeast Asia focus (core strategy is to double its Asian traffic by 2020 from 2010 levels), people and Finnair culture, digitalisation, funding and capital structure, and world-class operations. The core strategy to focus on Europe to Asia routes is supported by Helsinki-Vantaa Airport's advantageous geographic location, allowing the shortest route between Europe and Asia (for example, total distance between Tokyo and Hamburg on a hypothetical direct service would be 9,014 kilometres, via Helsinki the distance is 9,021 kilometres, while via Frankfurt the distance is 9,805 kilometres and via Dubai the distance is 12,882 kilometres). This enables Finnair to be the only European carrier to operate in 24 hour aircraft rotations on the majority of its current Asian routes, with Singapore as the only current exception. Benefits from 24 hour aircraft rotations include very high aircraft utilisation in long haul traffic (highest utilisation rates of any airline in terms of block hours for A330s in operation), less need for additional crew members, and lower fuel consumption due to shorter flight times. It is also an eco smart and a sustainable choice, as the shortest route with a stopover generates fewer emissions. Helsinki-Vantaa Airport's geographic advantage and the 24 hour aircraft rotations allow Finnair to offer passengers reduced travel times of over two hours less total travel time relative to one-stop itineraries via European hubs and over four hours less total travel time relative to one-stop itineraries via Middle Eastern hubs (average time saved, compared to major European and Middle Eastern hubs).

Finnair is the only Nordic carrier with a 4-star Skytrax ranking, a measure of passenger satisfaction, and it is a member of the **one**world™ alliance. Finnair is part of joint business agreements with Japan Airlines and British Airways for Europe and Japan traffic (Japan-Europe, SJB) and with American Airlines, US Airways, British Airways and Iberia for North Atlantic traffic (Atlantic, AJB).

In 2014, Finnair's revenues amounted to EUR 2,284.5 million and Finnair carried 9.6 million passengers. During the same period, 44 per cent of Finnair's passenger revenue came from Asia, 43 per cent from Europe, 5 per cent from North Atlantic and 8 per cent from Finland.

Between 2010 and 2014 Finnair achieved a total annual cost reduction of approximately EUR 217 million compared to the unit cost level in 2010 (through the cost saving programme between 2010 and 2014). The cost reduction target was EUR 200 million. Substantial cost savings were made in all categories (personnel related 21 per cent, maintenance 16 per cent, fleet 14 per cent, catering 13 per cent, ground operations 9 per cent, sales and distribution 9 per cent, fuel 5 per cent and other 13 per cent). Savings in personnel were realised by successful negotiations on new collective labour agreements with all employee groups. Going forward, Finnair has collective labour agreements in place with all employee groups. This cost saving programme has successfully reduced unit cost per available seat kilometre, excluding fuel (CASK ex fuel) from 4.97 cents in 2010 to 4.31 cents in 2014, implying a total unit cost reduction of 13.4 per cent over the period. Savings were achieved as follows: 5.1 per cent in depreciation and leases, 2.9 per cent in maintenance, 2.3 per cent in sales and marketing, 2.1 per cent in staff costs, 1.8 per cent in other expenses, 1.1 per cent in ground handling, and 0.6 per cent in catering. These savings were offset by marginal increases (0.0 per cent to 1 decimal place) in traffic charges and 2.5 per cent in other rents. From 2015 onwards, Finnair's focus will be on continuous cost discipline and fleet renewal.

The segment reporting of Finnair's financial statements is based on business segments. The reporting business segments are Airline Business and Travel Services. In accordance with section 2 of the Issuer's Articles of Association, its field of activity is to operate an airline by transporting passengers, cargo and mail, and to sell, lease and repair aircraft and their parts and supplies, as well as to provide hotel, forwarding, travel agency and other services relating to airline operations.

As at 30 June 2015, the Issuer's share capital amounted to EUR 75,442,904.30 consisting of 128,136,115 shares. The State of Finland owned approximately 55.8 per cent of the Issuer's shares. The Issuer has one share class, and the shares have no par value. The trading code of the shares is FIA1S. The shares of the Issuer are recorded in the book-entry system and they are subject to public trading on the official list of the Helsinki Stock Exchange.

History and Development of Finnair

Finnair, initially named Aero Ltd., is one of the world's oldest operating airlines. Aero Ltd. was established on 1 November 1923 and flew its first flight on 20 March 1924 from Helsinki, Finland to Tallinn, Estonia. In 1953, Aero Ltd. started to use the name Finnair for marketing purposes, although the name remained Aero Ltd. until December 1968, when it was changed to Finnair Ltd. The Issuer's shares were listed on the Helsinki Stock Exchange on 26 June 1989. In 1997, Finnair's official name became Finnair Plc and, on 1 September 1999, Finnair became a full member of the global **one**world™ alliance, which currently comprises 16 members.

While first talks of long-haul expansion occurred in the 1930's, Finnair's long-haul expansion started in 1969 with flights from Helsinki via Copenhagen, Denmark and Amsterdam, the Netherlands, to New York, the United States. In 1975, Finnair received its first wide-body aircraft, the DC-10, which carried 300 passengers. Finnair's Asian expansion began with the start of its direct flights to Bangkok, Thailand in 1976, flights to Tokyo, Japan in 1983 (the first European carrier to offer non-stop flights between Europe and Tokyo) and flights to Beijing, China in 1988 (the first European carrier to offer non-stop flights between Europe and China). Since early 2000, a key part of Finnair's strategy has been strengthening its position in the Asian market and, particularly, in terms of traffic between Europe and Asia. Finnair's Asian expansion benefits in particular from its favourable geographical position: the shortest routes from Europe to Northeast Asia pass through Helsinki.

In recent years, Finnair has used different financial arrangements to finance its fleet investments and to ensure adequate liquidity in a difficult economic environment. The two most significant financial arrangements have been a new share issue in 2007 and the issuance of hybrid bonds in 2009 and 2012.

In November 2007, Finnair decided on a new share issue in which a maximum of 39,447,270 new shares were offered to be subscribed for by shareholders. Approximately 39.2 million shares were subscribed for and approximately 5,360 investors participated in the offering. Finnair used the net proceeds from the offering to fund its fleet restructuring programme and related investments that facilitated the Finnair's growth strategy.

In September 2009, Finnair issued a EUR 120 million domestic hybrid bond, of which EUR 67.7 million was repurchased in November 2012 in connection of an issuance of a new EUR 120 million hybrid bond. In October 2013, Finnair redeemed the outstanding share of EUR 52.4 million of the EUR 120 million hybrid bond issued in 2009 together with accrued interest, and on 28 September 2015, Finnair announced an invitation to tender for cash its outstanding EUR 120 million hybrid bond issued in November 2012 up to the aggregate amount of the Capital Securities.

In July 2013, Finnair signed a EUR 180 million syndicated revolving credit facility carrying a maturity of three years. The facility is a reserve facility and is currently unused.

The global airline industry in general is undergoing a structural change, and over the past decade the competitive landscape has changed dramatically, especially in Europe, with the aggressive expansion of low-cost carriers. In recent years, Finnair has taken several measures to restructure its business, focus on core activities and lower its costs to increase its competitiveness.

Such restructuring measures include various new sourcing and outsourcing arrangements. In November 2009, Finnair's ground handling company Northport Oy outsourced its baggage and apron services at Helsinki-Vantaa Airport, and they are currently operated by Swissport Finland Oy. The five-year contract expires in 2016. In July 2012, Finnair signed a ten-year contract for the sourcing of engine and component services with SR Technics. In August 2012, Finnair and LSG Sky Chefs Group ("**LSG**") signed a five-year partnership agreement based on which the operational responsibility for, and decision making power in, Finnair Catering will fully transfer to LSG.

In August 2011, Flybe Nordic AB, a company jointly owned by Flybe UK Ltd and Finnair, purchased Finnish Commuter Airlines Oy. Following the acquisition, Flybe Nordic AB operated regional flights on behalf of Finnair under a purchased traffic agreement. In October 2012, Finnair and Flybe UK Ltd signed a definitive agreement regarding the operation of twelve Embraer 190 aircraft to be transferred to Flybe Finland Oy. Flybe Finland Oy also operated these aircraft under an amended purchased traffic agreement. The agreement covered approximately one third of Finnair's European flights.

In July 2013, Finnair entered a transatlantic joint business with its **one**world™ alliance partners American Airlines, British Airways and Iberia.

In February 2014, Finnair sold its subsidiary Finncatering Oy to LSG Lufthansa Service Europa/Afrika GmbH. In addition, Finnair's subsidiaries Finnair Cargo Oy and Finnair Cargo Terminal Operations Oy were merged and the merger between Finnair's subsidiaries Finland Travel Bureau Oy and Matkatoimisto Oy Area was finalised in 2014.

In April 2014, Finnair entered the joint business established in 2012 by fellow **one**world™ alliance partners Japan Airlines and British Airways for traffic between Europe and Japan.

In October 2014, Finnair completed the sale of its subsidiary Finnair Travel Retail Oy's shops at Helsinki-Vantaa Airport to World Duty Free Helsinki Oy, the Finnish subsidiary of World Duty Free Group. The transaction did not include inflight sales. The transaction had a positive non-recurring impact of EUR 12.7 million on Finnair's operating result in 2014.

In March 2015, Finnair acquired Flybe UK Ltd's 60 per cent ownership of Flybe Nordic AB and Flybe Nordic AB was transferred entirely to Finnair's ownership. Flybe Nordic AB owned all shares in its Finnish subsidiary Flybe Finland Oy, which operated a substantial part of Finnair's domestic and European routes using ATR and Embraer aircraft pursuant to a purchased traffic agreement, as well as certain routes in Finland and neighbouring countries at its own commercial risk. The name of Flybe Finland Oy was changed to Nordic Regional Airlines Oy ("**Norra**"), and the name of the parent company Flybe Nordic AB was changed to Nordic Regional Airlines AB.

Finnair, Staffpoint Holding Ltd and G.W. Sohlberg Ltd have previously indicated an intention to conclude a transaction whereby 60 per cent of the shares in Nordic Regional Airlines AB would be transferred to Staffpoint Holding Ltd and G.W. Sohlberg Ltd. Finnair announced on 6 August 2015 that it had filed an application with the Finnish Competition and Consumer Agency ("**FCCA**") to approve Finnair's current ownership structure of Nordic Regional Airlines AB until further notice, and an approval was issued by the FCCA on 14 August 2015. Negotiations on the ownership arrangements continue, and Finnair expects the transaction to proceed within the next few months.

In March 2015, Finnair's Board of Directors approved an investment of approximately EUR 80 million in a new cargo terminal and an investment program of approximately EUR 30 million to bring wireless internet connectivity to the majority of the current wide-body and narrow-body fleet.

In March 2015, Finnair finalised the sale and leaseback transactions with GOAL German Operating Aircraft Leasing GmbH & Co for three Embraer 190 aircraft owned by Finnair and operated by Norra and with Doric Asset Finance GmbH & Co. for six ATR 72 aircraft owned by Finnair and operated by Norra. The combined value of the transactions was EUR 143.7 million and they had a positive non-recurring impact of EUR 40.8 million on Finnair's operating profit for the first quarter of 2015.

In May 2015, the Issuer's associated company Nordic Global Airlines Ltd decided to discontinue its operations due to financial reasons. The discontinuation of Nordic Global Airlines Ltd's operations did not have a material impact on Finnair's cargo business or Finnair's financial position. The related non-recurring effect on the operating result for the second quarter of 2015 was EUR -1.9 million.

Ongoing and Future Investments

Capital expenditure excluding advance payments for the six months ended 30 June 2015 totalled EUR 19.8 million compared to EUR 53.0 million for the six months ended 30 June 2014. Capital expenditure for the full year 2015 is estimated at approximately EUR 427 million, with investments in the fleet representing a majority of this total. At the date of this Listing Prospectus, Finnair has placed through its aircraft financing subsidiary Finnair Aircraft Finance Oy firm orders for 19 Airbus A350-900 XWB aircraft to be delivered between 2015 and 2023. Finnair's investment commitments for property, plant and equipment (including firm aircraft orders) as at 30 June 2015 totalled EUR 1,981 million. The investments are planned to be financed either through debt or cash flow or a combination thereof, or through leasing arrangements.

Business Overview

The segment reporting of Finnair's financial statements is based on business segments. The reporting segments are Airline Business and Travel Services.

Revenue, EUR million	**Jan-Jun 2015**	**Jan-Jun 2014**	**Jan-Dec 2014**	**Jan-Dec 2013**
	Unaudited	Unaudited	Audited	Unaudited Restated*
Airline Business	1,045.6	1,049.4	2,167.7	2,271.9
Travel Services	102.7	116.8	216.7	251.7
Group eliminations	-46.8	-57.2	-100.0	-123.2
Total	1,101.4	1,109.0	2,284.5	2,400.3

***** In 2014, Finnair changed the segment reporting, and 2013 figures have been restated to correspond with the current presentation. For more information, see note 2.1 Segment information to Finnair's financial statement 2014 incorporated by reference into this Listing Prospectus.

Finnair's business segments are described in more detail below.

Airline Business

General

The Airline Business business segment, accounting for 90.9 per cent of Finnair's revenue for the year ended 31 December 2014 (of total revenue, excluding group eliminations), is responsible for scheduled passenger and charter traffic as well as cargo sales, customer service and service concepts, flight operations and activity connected with the procurement and financing of aircraft. The Airline Business business segment comprises the Commercial, Operations and Resources Management functions as well as the subsidiaries Finnair Cargo Oy, Finnair Flight Academy Oy and Finnair Aircraft Finance Oy. The business segment also includes aircraft maintenance, Finnair Travel Retail Oy and Finnair's property holdings, office services and the management and maintenance of properties related to Finnair's operational activities.

In 2014, passenger transportation accounted for 79.2 per cent of Airline Business business segment's revenue, while ancillary accounted for 3.8 per cent, cargo for 11.2 per cent and other (including travel retail store operations, Finncatering business) for 5.8 per cent. Ancillary includes extra baggage fees, advance seat selection, upgrade options, economy comfort product in long-haul, sky bistro in short-haul economy. Ancillary revenue has increased to 4.4 per cent of total revenue in the second quarter of 2015 and is growing with new products being introduced and more in the pipeline (for example, from the second half of 2015 onwards, the gradual introduction of wireless internet connectivity on board in long-haul).

Fleet

<u>Fleet Operated by Finnair</u>

Finnair's fleet is managed by Finnair Aircraft Finance Oy, a wholly-owned subsidiary of the Issuer. As at 30 June 2015, Finnair itself operated 45 aircraft, 15 of which are wide-body and 30 narrow-body aircraft. Of the aircraft, 22 are owned by Finnair, 20 are operating leased and 3 are on finance lease. As at 30 June 2015, 62 per cent of the fleet owned by Finnair was unencumbered.

With an average fleet age of 10.7 years (as at 30 June 2015, excluding Embraer fleet operated by Norra), Finnair is on the lower end of key peers with SAS (11.9 years), Lufthansa (11.5 years), Air France-KLM (10.9 years), IAG (10.5 years) and Aer Lingus (9.7 years). (Source: company information, latest reported average fleet age for peers; as of 31 December 2014 for Aer Lingus, IAG and Lufthansa; 31 March 2015 for Air France-KLM; and 31 July 2015 for SAS).

The fleet operated by Finnair as at 30 June 2015 is described in the table below:

				30 Jun 2015				
Fleet operated by Finnair*	Seats	#	Own	Leased (operating leased)	(finance leased)	Average age	Change from 31 Dec 2014	Ordered
Narrow-body fleet								
Airbus A319	138	9	7	2		13.9		
Airbus A320	165	10	6	4		12.9		
Airbus A321	209/196	11	4	7		8.6		
Wide-body fleet								
Airbus A330	289/263	8	0	5	3	5.7		
Airbus A340	266/263/257	7	5	2		12.5		
Airbus A350	297							19
Total		**45**	**22**	**20**	**3**	**10.7**	**0**	**19**

* Finnair's Air Operator Certificate (AOC).

Renewal of the Long-haul Fleet

Finnair has ordered a total of 19 Airbus A350-900 XWB aircraft. Based on the current delivery schedule, Finnair will receive the first four A350-900 XWB aircraft in the second half of 2015 (set to replace four A340-300 aircraft), seven between 2016 and 2017, and eight more between 2018 and 2023 (by 2020, the long-haul fleet is set to be composed of six A330-300 aircraft and 14 A350-900 XWB aircraft). Finnair expects the renewal to bring enhanced in-flight service offering, up to 20 per cent more capacity and, based on Airbus estimate, an estimated seat cost advantage (measured as cost per available seat kilometre (CASK)) of up to 30 per cent when compared to Finnair's A340-300 aircraft, at 2014 average fuel prices. In addition, the A350-900 XWB aircraft is expected to bring capacity flexibility through a flex business compartment (in addition to the front business compartment). The convertibility allows a capacity adjustment of approximately 10 per cent.

Finnair plans to phase out its A340-300 aircraft by the end of 2017, following the successful delivery and entry into service of the A350-900 XWB aircraft. Airbus has agreed to acquire four A340-300 aircraft currently owned by Finnair in 2016 and 2017. The agreement between Finnair and Airbus ensures a smooth transition from A340s to A350s, mitigating potential business continuity risks related to the fleet renewal. Finnair has the possibility to adjust the size of its fleet according to demand and outlook due to its lease agreements with different durations.

Fleet Operated by Norra (Purchased Traffic)

Norra operates a fleet of 26 aircraft for Finnair on a contract flying basis. Contract flying has been operated by a wholly-owned subsidiary of the Issuer after Nordic Regional Airlines AB was transferred to Finnair's ownership on an interim basis on 31 March 2015. After the finalisation of sale and leaseback agreements for nine aircraft in March 2015, 13 of the aircraft operated by Norra are owned by Finnair, and another 13 are leased.

				30 Jun 2015			
Fleet operated by Norra*	Seats	#	Own	Leased** (operating leased)	Average age	Change from 31 Dec 2014	Ordered
ATR 72	68–72	12	6	6	5.9		
Embraer 170	76	2	2		9.3		
Embraer 190	100	12	5	7	7.0		
Total		**26**	**13**	**13**	**6.7**	**0**	**0**

* Norra's Air Operator Certificate (AOC).

** Finnair's subsidiary Finnair Aircraft Finance Oy has leased these aircraft and subleased them to Norra. In addition to the aircraft shown in the table, Finnair has subleased four E 170 aircraft to Estonian Air.

Travel Services (Tour Operators and Travel Agencies)

The business segment consists of the tour operator Oy Aurinkomatkat Suntours Ltd Ab, its subsidiary operating in Estonia, the business travel agency SMT and its subsidiary Estravel, which operates in the Baltic countries, as well as Amadeus Finland, which produces travel sector information systems and solutions.

The tour operator Oy Aurinkomatkat Suntours Ltd Ab operates in close cooperation with the Finnair's Airline Business segment in capacity planning and distribution. The majority of flights that were previously operated as charter services are currently operated as scheduled services, providing Finnair with the opportunity to use multiple sales channels to cater to broader customer segments.

The business travel agency SMT is revenue-wise a small but profitable business, serving mainly business and corporate customers in Finnair's home market.

Agreements Outside the Ordinary Course of Business

There are no material agreements (other than those entered into in the ordinary course of Finnair's business), which could result in any member of Finnair being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations under the Capital Securities.

Organisation

The Issuer's subsidiaries provide support services to Finnair or operate in closely related areas. The Issuer's largest subsidiaries are Finnair Cargo Oy, Finnair Aircraft Finance Oy and Oy Aurinkomatkat Suntours Ltd Ab.

Shared functions in Finnair's Administration are Finance and Control, Corporate Development, Human Resources, Communications and Corporate Responsibility, Legal Affairs and Internal Audit.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following is a summary of the Issuer's consolidated financial information as at and for the six months ended 30 June 2015 and 30 June 2014 and as at and for the financial years ended 31 December 2014 and 31 December 2013. The information has been derived from the Issuer's unaudited interim report as at and for the six months ended 30 June 2015, incorporated by reference into this Listing Prospectus, and the audited consolidated financial statements as at and for the year ended 31 December 2014, incorporated by reference into this Listing Prospectus, including the unaudited restated comparative information for the year ended 31 December 2013 prepared in accordance with IFRS as adopted by the EU.

As of 1 January 2014, Finnair changed its accounting principles related to the treatment of maintenance overhauls. In addition, in 2014 Finnair evaluated the nature and classification of its deferred tax assets and liabilities, which have as a result been netted in the balance sheet. The comparative information for the year 2013 has been restated accordingly. The restated information for the year 2013 is unaudited.

Consolidated income statement	**Unaudited**	**Unaudited**	**Audited**	**Unaudited**
EUR million, unless otherwise indicated	**Jan-Jun 2015**	**Jan-Jun 2014**	**Jan-Dec 2014**	**Jan-Dec 2013 Restated***
Revenue	**1,101.4**	**1,109.0**	**2,284.5**	**2,400.3**
Other operating income	8.2	8.9	18.3	18.8
Operating expenses				
Staff costs	-177.4	-176.3	-344.5	-381.3
Fuel costs	-307.0	-327.1	-660.4	-689.9
Lease payment for aircraft	-46.2	-36.5	-78.8	-57.5
Other rents	-78.7	-78.8	-159.7	-152.0
Aircraft materials and overhaul	-62.6	-60.3	-119.4	-125.8
Traffic charges	-128.3	-110.0	-230.9	-222.3
Ground handling and catering expenses	-119.3	-124.3	-251.8	-257.3
Expenses for tour operations	-39.1	-39.8	-76.7	-89.4
Sales and marketing expenses	-35.6	-33.9	-65.3	-72.9
Depreciation and impairment	-51.7	-70.4	-134.3	-140.7
Other expenses	-105.1	-114.5	-217.4	-218.1
Operational result	**-41.3**	**-53.9**	**-36.5**	**11.9**
Fair value changes in derivatives and changes in exchange rates of fleet overhauls	14.1	-11.4	-43.7	21.7
Non-recurring items	13.3	10.6	7.7	-25.7
Operating result	**-13.9**	**-54.7**	**-72.5**	**7.9**
Financial income	0.9	3.2	3.5	42.6
Financial expenses	-6.4	-11.2	-26.9	-19.7
Share of result in associates and joint ventures	0.0	-2.2	-3.2	-4.0
Result before taxes	**-19.5**	**-64.9**	**-99.1**	**26.8**
Income taxes	3.7	12.9	16.5	-3.9
Result for the financial period	**-15.8**	**-52.0**	**-82.5**	**22.9**
Attributable to				
Owners of the parent company	-15.9	-52.2	-82.7	22.6
Non-controlling interests	0.1	0.2	0.2	0.3
Earnings per share from profit attributable to shareholders of the parent company				
Earnings per share, EUR (diluted and undiluted)	-0.16	-0.44	-0.71	0.11

* Comparative figures for 2013 have been restated in 2014 due to a change in accounting principles related to the treatment of maintenance overhauls. For more information, see notes 4.2 Tangible assets and 6.5 Change in accounting principles to Finnair's financial statement 2014 incorporated by reference into this Listing Prospectus.

Consolidated statement of comprehensive income	**Unaudited**	**Unaudited**	**Audited**	**Unaudited**
EUR million	**Jan-Jun 2015**	**Jan-Jun 2014**	**Jan-Dec 2014**	**Jan-Dec 2013 Restated***
Result for the financial period	**-15.8**	**-52.0**	**-82.5**	**22.9**
Other comprehensive income items				
Items that may be reclassified to profit or loss in subsequent periods				
Change in fair value of available-for-sale financial assets	–	–	0.0	-13.8
Change in fair value of hedging instruments	60.4	11.9	-87.0	-5.3
Translation differences	0.3	0.0	0.4	0.0
Tax effect	-12.1	-2.4	17.4	4.4
Items that will not be reclassified to profit or loss in subsequent periods				
Actuarial gains and losses from defined benefit plans	15.3	-28.2	-4.1	0.4
Tax effect	-3.1	5.6	0.8	-0.6
Other comprehensive income items total	**60.8**	**-13.0**	**-72.4**	**-15.0**
Comprehensive income for the financial period	**45.0**	**-65.0**	**-154.9**	**7.9**
Attributable to				
Owners of the parent company	44.9	-65.2	-155.1	7.7
Non-controlling interests	0.1	0.2	0.2	0.3

* Comparative figures for 2013 have been restated in 2014 due to a change in accounting principles related to the treatment of maintenance overhauls. For more information, see notes 4.2 Tangible assets and 6.5 Change in accounting principles to Finnair's financial statement 2014 incorporated by reference into this Listing Prospectus.

Consolidated balance sheet	**Unaudited**	**Unaudited**	**Audited**	**Unaudited**
EUR million	**30 Jun 2015**	**30 Jun 2014**	**31 Dec 2014**	**31 Dec, 2013 Restated***
ASSETS				
Non-current assets				
Intangible assets	18.9	17.5	18.4	19.3
Tangible assets	806.8	1,090.1	897.8	1,292.6
Investments in associates and joint ventures	4.9	6.0	4.9	8.2
Loan and other receivables	9.2	18.5	9.2	20.5
Deferred tax assets	21.4	14.1	33.8	0.0
Non-current assets total	**861.2**	**1,146.1**	**964.1**	**1,340.6**
Current assets				
Inventories	13.1	15.6	14.7	19.9
Trade and other receivables	245.7	248.0	194.0	237.1
Derivative financial instruments / Money market investments	219.3	39.3	163.7	43.6
Other financial assets	398.5	248.8	332.8	335.9
Cash and cash equivalents	133.6	237.3	93.4	122.9
Current assets total	**1,010.2**	**789.0**	**798.6**	**759.4**
Assets held for sale	95.8	9.5	122.4	17.7
Assets total	**1,967.2**	**1,944.5**	**1,885.1**	**2,117.6**

EUR million	Unaudited	Unaudited	Audited	Unaudited
EQUITY AND LIABILITIES	**30 Jun 2015**	**30 Jun 2014**	**31 Dec 2014**	**31 Dec 2013 Restated***
Equity attributable to owners of the parent				
Share capital	75.4	75.4	75.4	75.4
Other equity	479.1	532.3	438.3	601.9
Total	**554.5**	**607.7**	**513.7**	**677.3**
Non-controlling interests	0.5	0.6	0.6	0.7
Equity total	**555.1**	**608.4**	**514.3**	**678.0**
Non-current liabilities				
Deferred tax liabilities	–	–	0.0	3.4
Interest-bearing liabilities	320.0	326.3	337.7	385.5
Pension obligations	16.2	44.6	25.3	10.6
Provisions	52.8	60.5	52.1	69.3
Other liabilities	17.7	27.6	22.1	25.4
Non-current liabilities total	406.7	**459.0**	**437.3**	**494.1**
Current liabilities				
Provisions	41.8	44.4	44.2	40.5
Interest-bearing liabilities	44.9	90.3	89.9	207.5
Trade payables and other liabilities	766.3	729.1	600.9	666.1
Derivative financial instruments	127.8	13.3	198.5	29.1
Current liabilities total	**980.7**	**877.2**	**933.4**	**943.2**
Liabilities related to assets held for sale	24.8	0.0	0.0	2.3
Liabilities total	**1,412.1**	**1,336.2**	**1,370.7**	**1,439.6**
Equity and liabilities total	**1,967.2**	**1,944.5**	**1,885.1**	**2,117.6**

* Comparative figures for 2013 have been restated in 2014 due to a change in accounting principles related to the treatment of maintenance overhauls. In addition, comparative figures in balance sheet have been effected by the netting of deferred taxes. For more information, see notes 4.2 Tangible assets, 6.1 Income taxes and 6.5 Change in accounting principles to Finnair's financial statement 2014 incorporated by reference into this Listing Prospectus.

Consolidated cash flow statement	**Unaudited**	**Unaudited**	**Audited**	**Unaudited**
EUR million	**Jan-Jun 2015**	**Jan-Jun 2014**	**Jan-Dec 2014**	**Jan-Dec 2013 Restated***
Cash flow from operating activities				
Result for the financial period	-15.8	-52.0	-82.5	22.9
Non-cash transactions**	18.1	57.4	141.9	115.9
Other adjustments to result for the financial period				
Financial income	-0.9	-3.2	-3.5	-42.6
Financial expenses	6.4	11.2	26.9	19.7
Share of results in associates and joint ventures	0.0	2.2	3.2	4.0
Income taxes	-3.7	-12.9	-16.5	3.9
Changes in working capital	100.1	47.7	-33.2	35.8
Interest expenses paid	-3.1	-4.7	-14.1	-12.1
Other financial expenses paid	-1.2	-2.0	-4.5	-3.8
Interest income received	1.5	4.9	6.7	1.4
Income taxes paid	-0.2	0.0	-0.2	-2.7
Net cash flow from operating activities	**101.4**	**48.7**	**24.2**	**142.4**
Cash flow from investing activities				
Investments in intangible assets	-2.2	-0.4	-4.3	-2.3
Investments in tangible assets	-76.2	-66.7	-142.1	-96.4
Net change of financial interest bearing assets at fair value through profit and loss***	15.1	-21.1	-109.5	14.6
Net change in shares classified as available for sale	–	–	0.0	53.7
Divestments of fixed assets and group shares	152.5	227.2	267.6	8.9
Dividends received	–	–	0.0	1.2
Change in non-current receivables	-0.1	2.4	2.6	1.0
Net cash flow from investing activities	**89.2**	**141.4**	**14.4**	**-19.3**
Cash flow from financing activities				
Proceeds from loans	–	–	0.0	150.0
Loan repayments and changes	-63.9	-178.0	-169.4	-115.0
Hybrid bond repayments	–	–	0.0	-52.4
Hybrid bond interest and expenses	-5.3	-5.3	-10.7	-15.4
Purchase of own shares	–	–	0.0	-1.7
Dividends paid	-0.2	0.0	-0.2	-13.0
Net cash flow from financing activities	**-69.4**	**-183.4**	**-180.3**	**-47.4**
Change in cash flows	**121.1**	**6.7**	**-141.8**	**75.7**
Change in liquid funds				
Liquid funds, at beginning	190.1	331.8	331.8	256.1
Change in cash flows	121.1	6.7	-141.8	75.7
Liquidfunds, at end******	**311.2**	**338.6**	**190.1**	**331.8**

Notes to the consolidated cash flow statement

**** Non-cash transactions**

EUR million	Unaudited	Unaudited	Audited	Unaudited
	Jan-Jun 2015	**Jan-Jun 2014**	**Jan-Dec 2014**	**Jan-Dec 2013 Restated***
Depreciation	66.2	70.4	135.7	140.7
Employee benefits	6.3	5.8	11.4	7.3
Fair value changes in derivatives	-20.7	11.0	34.9	-21.7
Other adjustments	-33.7	-29.7	-40.1	-10.5
Total	**18.1**	**57.4**	**141.9**	**115.9**

***** Net change in financial interest-bearing assets maturing after more than three months**

****** Liquid funds**

EUR million	Unaudited	Unaudited	Audited	Unaudited
	30 Jun 2015	**30 Jun 2014**	**31 Dec 2014**	**31 Dec 2013 Restated***
Other financial assets	398.5	248.8	332.8	335.9
Cash and cash equivalents	133.6	237.3	93.4	122.9
Short-term cash and cash equivalents in balance sheet	**532.1**	**486.1**	**426.1**	**458.8**
Maturing after more than three months	-220.9	-147.6	-236.0	-126.5
Shares available for sale	–	–	0.0	-0.4
Total	**311.2**	**338.6**	**190.1**	**331.8**

Cash and cash equivalents include cash and bank deposits as well as other highly liquid financial assets which mature within three months. Such items are e.g. certificate of deposits and commercial paper. Balance sheet items are presented in notes 5.2.2 Other current financial assets and 5.2.3 Cash and cash equivalents to Finnair's financial statement 2014 incorporated by reference into this Listing Prospectus.

*Comparative figures for 2013 have been restated in 2014 due to a change in accounting principles related to the treatment of maintenance overhauls. For more information, see notes 4.2 Tangible assets and 6.5 Change in accounting principles to Finnair's financial statement 2014 incorporated by reference into this Listing Prospectus.

	Unaudited	Unaudited	Audited	Unaudited
Key Figures	**30 Jun and Jan-Jun 2015**	**30 Jun and Jan-Jun 2014**	**31 Dec and Jan-Dec 2014**	**31 Dec and Jan-Dec 2013 Restated***
Revenue and result				
Revenue, EUR million	1,101.4	1,109.0	2,284.5	2,400.3
Operational result, EUR million	-41.3	-53.9	-36.5	11.9
Operational result, per cent of revenue	-3.7	-4.9	-1.6	0.5
Operating result, EUR million	-13.9	-54.7	-72.5	7.9
Operational EBITDAR, EUR million	56.6	53.0	176.6	210.1
Result before taxes, EUR million	-19.5	-64.9	-99.1	26.8
Net result, EUR million	-15.8	-52.0	-82.5	22.9
Balance sheet and cash flow				
Equity ratio, per cent**	28.2	31.3	27.3	32.6
Gearing, per cent	-30.1	-11.4	0.3	19.9
Adjusted gearing, per cent	81.4	63.5	107.5	79.2
Gross capital expenditure, EUR million	19.8	53.0	82.4	77.3
Return on capital employed (ROCE), 12 months rolling, per cent	-3.2	-1.8	-6.5	3.6
Return on equity (ROE), 12 months rolling, per cent	-8.0	-4.8	-13.8	3.2
Net cash flow from operating activities, EUR million	101.4	48.7	24.2	142.4

	Unaudited	Unaudited	Unaudited	Unaudited
	30 Jun and Jan-Jun 2015	**30 Jun and Jan-Jun 2014**	**31 Dec and Jan-Dec 2014**	**31 Dec and Jan-Dec 2013**
Passenger Traffic Data				
Passengers, 1,000	4,905	4,730	9,630	9,269
Available seat kilometres (ASK), million	15,537	15,273	30,889	31,162
Revenue passenger kilometres (RPK), million	12,211	12,082	24,772	24,776
Passenger load factor (PLF), per cent	78.6	79.1	80.2	79.5
Unit revenue per revenue passenger kilometre (yield) cents/RPK	6.78	6.51	6.65	6.86
Unit revenue (actual), RASK, cents/ASK	6.17	6.07	6.23	6.24
Unit revenue at constant currency, RASK, cents/ASK	5.99	6.07	6.23	–
Unit cost excluding fuel (actual), CASK ex. fuel, cent/ASK	4.78	4.56	4.49	4.35
Unit cost ex. fuel at constant currency, CASK, cents/ASK	4.61	4.56	4.49	–
Unit cost (actual), CASK, cents/ASK	6.75	6.60	6.55	6.47

Restatement of key ratios

*Comparative figures for 2013 have been restated in 2014 due to a change in accounting principles related to the treatment of maintenance overhauls. In addition, comparative figures in balance sheet have been effected by the netting of deferred taxes. For more information, see notes 4.2 Tangible assets, 6.1 Income taxes and 6.5 Change in accounting principles to Finnair's financial statement 2014 incorporated by reference into this Listing Prospectus.

**The equity ratio for the year 2014 has been restated in 2015 to better reflect the generally used formula in the airline industry. Previously, the equity ratio was calculated by dividing equity by total assets, excluding prepayments received. The restated calculation only divides equity by total assets, without any adjustments related to prepayments. The equity ratio for year 2013 has not been restated to reflect the new formula.

As of 1 January 2015, Finnair has adjusted its calculation methods for unit revenue (RASK, unit revenue per available seat kilometre) and unit cost (CASK, unit cost per available seat kilometre) to better reflect the changes in the Group structure. Traffic previously operated and marketed by Flybe (currently named Norra) has become part of the purchase traffic agreement between Finnair and Norra and RASK and CASK for the comparison year have been restated to reflect this change. In addition, RASK has been restated to include all revenue and costs relating to inflight sales. Before restatement, these were partly included in CASK. In addition, restated CASK includes all costs related to group support functions, of which some were previously excluded from the calculation. Unit revenue per revenue passenger kilometre (yield) for the comparison year has also been restated due to changes in the Group structure.

Finnair also introduces new key figures RASK and CASK at constant currency to provide comparative, currency neutral measurements of unit revenues and costs. All of the exchange rate changes and currency hedging effects have been excluded from RASK and CASK at constant currency.

Calculation of key ratios

Operational result	Operating result excluding fair value changes in derivatives, changes in the exchange rates used to account for maintenance overhauls and nonrecurring items
Operational EBITDAR	Operational result + depreciation + lease payments for aircraft
Equity ratio, per cent	$\frac{\text{Shareholders' equity + non-controlling interest}}{\text{Balance sheet total}} \times 100$
Gearing, per cent	$\frac{\text{Interest-bearing net debt}}{\text{Shareholders' equity + non-controlling interest}} \times 100$
Adjusted gearing, per cent	$\frac{\text{Interest-bearing net debt + (7 × operating lease payments for aircraft)}}{\text{Shareholders' equity + non-controlling interest}} \times 100$
Gross capital expenditure	Investments in intangible and tangible assets excluding advance payments
Return on capital employed (ROCE), per cent	$\frac{\text{Result before taxes + financial expenses}}{\text{Average capital employed}} \times 100$
Return on equity (ROE), per cent	$\frac{\text{Result for the period}}{\text{Shareholders' equity + non-controlling interest (average)}} \times 100$
Available seat kilometres (ASK)	Total number of seats available × kilometres flown

Revenue passenger kilometres (RPK)	Number of revenue passengers × kilometres flown
Passenger load factor, per cent	Share of revenue passenger kilometres of available seat kilometres
Revenue per available seat kilometre (RASK):	Unit revenue (RASK) represents the Airline Business traffic revenue divided by available seat kilometres (ASK). Inflight sales and Cargo revenues are included in RASK on a net basis, decreased by direct costs related to those operations. Unit revenue (RASK) with constant currency aims to provide a comparative, currency neutral measurement for unit revenues. All of the currency changes and currency hedging results are excluded from the measurement.
Cost per available seat kilometre (CASK):	Unit cost (CASK) represents the Airline Business operational costs divided by available seat kilometres. Operational costs include a calculated capital cost for Finnair operated and owned aircraft. Direct operational costs related to Cargo operations and inflight sales are excluded from the measurement as their results are included on a net basis in unit revenues. Non-traffic related revenue is netted off and deducted from operational costs. Unit cost (CASK) with constant currency aims to provide a comparative, currency neutral measurement for unit costs. All of the currency changes and currency hedging results are excluded from the measurement.

Certain Other Financial Information for Financial Years between 2011 and 2014 and for the Six Months Ended 30 June 2015

The following table sets forth certain other financial information of the Issuer for the financial years ended 31 December 2011, 31 December 2012, 31 December 2013, 31 December 2014 and as at and for the six months ended 30 June 2015. The information for the financial years ended 31 December 2012 and 31 December 2011 has not been incorporated by reference into this Listing Prospectus.

EUR million, unless otherwise indicated	**Unaudited**	**Audited**	**Unaudited**	**Unaudited**	**Audited**
	30 Jun and Jan-Jun 2015	**31 Dec and Jan-Dec 2014**	**31 Dec and Jan-Dec 2013 Restated***	**31 Dec and Jan-Dec 2012 Restated***	**31 Dec and Jan-Dec 2011***
Net cash flow from operating activities	101.4	24.2	142.4	154.7	50.8
Gross capital expenditure	19.8	82.4	77.3	41.4	203.9
Cash funds**	532	426	459	430	403
Equity ratio, per cent***	28.2	27.3	32.6	35.4	32.6
Gearing, per cent	-30.1	0.3	19.9	18.0	43.3
Adjusted gearing, per cent	81.4	107.5	79.2	77.8	108.4

* Comparative figures for 2013 have been restated in 2014 due to a change in accounting principles related to the treatment of maintenance overhauls. For more information, see notes 4.2 Tangible assets and 6.5 Change in accounting principles to Finnair's financial statement 2014 incorporated by reference into this Listing Prospectus. The figures for 2012 and 2011 have not been restated due to this change. The figures for 2012 have been restated in 2013 due to the adoption of amended IAS 19 "Employee benefits" standard. For more information, see note 6.5 Change in accounting principles to the Finnair's financial statement 2013 incorporated by reference into this Listing Prospectus. The figures for 2011 have not been restated due to such adoption.

** Cash funds include cash and cash equivalents as well as other financial assets.

*** The equity ratio for the year 2014 has been restated in 2015 to better reflect the generally used formula in the airline business. Previously, the equity ratio was calculated by dividing equity by total assets, excluding prepayments received. The restated calculation only divides equity by total assets, without any adjustments related to prepayments. The equity ratios for years 2013, 2012 and 2011 have not been restated to reflect the new formula.

Finnair had a strong cash funds position as at 30 June 2015 of 23.2 per cent of last twelve months revenue, supporting a low adjusted net debt* / last twelve months EBITDAR leverage of 2.6x**. Finnair's current leverage is lower than leverage at December 2014 of 3.3x (adjusted net debt of EUR 578.3 million), and in line with leverage as at December 2013 of 2.6x (adjusted net debt of EUR 547.3 million).***

* Adjusted net debt calculated as: long-term debt + short-term debt + unfunded pension liabilities + capitalised operational lease expenses (7x) – (cash equivalents + other financial assets).

** Earnings before interest, tax, depreciation, amortisation and rent.

*** Finnair leverage based on adjusted net debt of EUR 468.5 million as at 30 June 2015, with long-term debt of EUR 320 million and short-term debt of EUR 45 million, EUR 620 million of capitalised leases, EUR 16 million of unfunded pension liabilities, EUR 532 million of cash funds.

Hedging

Finnair's approach to hedging is to hedge 24 months ahead (within the limits defined in its hedging policy). Finnair seeks to mitigate against the risks of currency, interest rate and jet fuel positions by using different derivative instruments, such as forward contracts, swaps and options.

Fuel and Currency Sensitivities

Finnair mitigates against the risks of currency, interest rate and jet fuel positions by using different derivative instruments, such as forward contracts, swaps and options. The approach to fuel hedging is that fuel consumption is hedged 24 months ahead. Fuel purchases are 71 per cent hedged for the first half of 2015 and 66 per cent for the second half of 2015 and set to roll-off reaching approximately 62 to 63 per cent by fourth quarter of 2015 and approximately 25 per cent by fourth quarter 2016.

The following table summarises Finnair's key sensitivities in relation to oil prices and selected currencies.

Fuel sensitivities (rolling 12 months from date of financial statements)	**10 per cent change without hedging**	**10 per cent change, taking hedging into account**	**Hedging ratio** Jan-Jun 2015	Jan-Jun 2016*
Fuel	EUR 50 million	EUR 17 million	66 per cent	52 per cent

Currency distribution per cent	**4–6 2015**	**4–6 2014**	**1–6 2015**	**1–6 2014**	**2014**	**Currency sensitivities U.S. dollar and Japanese yen** (rolling 12 months from date of financial statements)		**Hedging ratio** (rolling 12 months from date of financial statements)
Sales currencies						10 per cent change without hedging	10 per cent change, taking hedging into account	
Euro	54	55	59	55	58	-	-	
U.S. dollar**	2	3	2	3	3	See below.	See below.	See below
Japanese yen	9	10	8	10	9	EUR 17 million	EUR 7 million	75 per cent
Chinese yuan renminbi	8	7	6	7	7	-	-	
South Korean won	4	3	3	3	3	-	-	
Swedish krona	5	5	5	5	5	-	-	
Other	18	17	17	17	15	-	-	
Purchase currencies								
Euro	49	50	52	53	52	-	-	
U.S. dollar**	43	40	41	40	41	EUR 68 million	EUR 19 million	72 per cent
Other	8	10	7	7	7			

* Estimate of Finnair.
** The sensitivity analysis assumes that the Chinese yuan and the Hong Kong dollar continue to correlate strongly with the U.S. dollar.

FINANCIAL AND TREND INFORMATION, PROSPECTS

Historical Financial Information

Finnair's audited consolidated financial statements for the financial years ended 31 December 2014 (IFRS) and 31 December 2013 (IFRS) and the unaudited consolidated interim report as at and for the six months ended 30 June 2015 (IFRS) have been incorporated by reference into this Listing Prospectus. Except for the two financial statements mentioned above, the information included in this Listing Prospectus has not been audited. However, the 2013 financial information presented in the Listing Prospectus has been restated and is unaudited as described under section "*Selected Consolidated Financial Information*".

No Significant Change in the Issuer's Financial or Trading Position

There has been no significant change in the Issuer's financial or trading position since 30 June 2015.

Trend Information

The global airline industry is undergoing structural changes, the typical characteristics of which are market liberalisation, increasing competition especially by new generation low cost carriers, overcapacity, consolidation, alliances and specialisation. Jet fuel prices have fallen substantially during 2015 and IATA expects the airline industry's total operating cost to fall by 28 per cent in 2015. IATA expects that decreasing oil prices will benefit customers and increase demand but the main driver for growth in the airline industry is the expected upturn of the economic cycle which is forecasted to result in a growth of 6.7 per cent in 2015 globally (Source: IATA "Economic Performance of the Airline Industry", mid-year report 2015).

The long-term growth prospects for air transport are good. Airbus estimates that between 2012 and 2031, revenue passenger kilometres will grow by 4 per cent annually in developed regions (North America, Europe and Japan) and by 6 per cent annually in expanding regions (other areas). According to Airbus, emerging economies drive strong travel growth due to increasing wealth, a growing middle class and more first time flyers. Increasing tourism and internationalisation and more efficient new generation aircraft further contribute to the growth. IATA expects the number of airline travellers to grow in China by 9.4 per cent annually whereas in Europe, the annual growth is expected to stay at 2.7 per cent for the next two decades. Currently over 50 million tonnes of goods are shipped by air according to IATA and air cargo is also expected to grow. Such global cargo volumes are expected to grow over the next five years by 4.1 per cent annually (Source: IATA "Economic Performance of the Airline Industry", mid-year report 2015).

Traffic continued to grow in Finnair's main markets in the second quarter of 2015. Measured in available seat kilometres, scheduled market capacity between Helsinki and Finnair's European destinations grew by approximately 4.9 per cent year-on-year, while direct market capacity between Finnair's Asian and European destinations grew by 2.7 per cent year-on-year. Finnair's market share in European traffic (between Helsinki and Finnair's European destinations) increased to 58.0 per cent (53.0) and fell slightly in Asian traffic, to 4.6 per cent (5.0).

In other traffic areas, passenger demand grew in line with the increased capacity, and unit revenues in Finnair's passenger traffic grew in all markets except Europe. There were signs of a recovery in the demand for consumer and business travel in all areas. The adjusted supply of packaged travel by tour operators active in Finland for the summer season 2015 has been in balance with the demand.

Cargo traffic capacity growth between Asia and Europe continued to outpace demand growth, which further weakened average yields and load factors in Finnair's main markets for cargo traffic.

The appreciation of the U.S. dollar against the euro somewhat diluted the advantage gained by airlines reporting in euro from the substantial decrease in the price of jet fuel that began in autumn 2014. At the same time, it significantly increased other U.S. dollar-denominated costs. However, several different income currencies appreciated against the euro, which had a slight positive effect on Finnair's euro-denominated revenue. The U.S. dollar is a significant expense currency in Finnair's operations, while the Japanese yen is a significant income currency.

Prospects

In its interim report as at and for the six months ended 30 June 2015, Finnair provided the following information on prospects:

"Finnair estimates that, in 2015, its operational result is around break-even or slightly positive. Finnair reiterates its previous estimate that its capacity measured in Available Seat Kilometres will grow by approximately 3 per cent and that its revenue will remain approximately at the 2014 level. As a change to its previous estimate, the company now estimates that its 2015 unit costs excluding fuel at constant currency will remain at the 2014 level.

Finnair also reiterates as a separate guidance that, when calculated using the exchange rates effective at the end of the review period, the non-recurring items associated with the long haul fleet renewal in 2015 will have a substantial positive impact on Finnair's operating result due to the strengthened U.S. dollar."

On 24 September 2015, Finnair announced that it was preparing to receive its first A350-900 XWB delivery from Airbus in early October 2015. Finnair has entered into sale and leaseback agreements for its two first A350-900 XWB aircraft with GECAS (GE Capital Aviation Services). These agreements are expected to be concluded at the time of the delivery of the respective aircraft, and the value of the transaction is approximately EUR 260 million. Non-recurring items associated with Finnair's long-haul fleet renewal in 2015 are expected to have a substantial positive impact on Finnair's operating result due to the strengthened U.S. dollar. The sale and leaseback agreements for Finnair's first two A350-900 XWB aircraft are expected to result in a significant positive impact, while the phasing out of all Finnair's remaining A340-300s is expected to result in non-recurring costs primarily materialising in 2015. The remainder of these costs, presently estimated at below EUR 10 million, will be booked in 2016. Calculated at present exchange rates, the positive net impact of these arrangements on Finnair's operating profit in the second half of 2015 is expected to amount to approximately EUR 70 million. Since the transactions covering both the A350-900 XWBs and the A340-300s sold are denominated in U.S. dollars, the final financial impact depends on the EUR/USD exchange rate prevailing at the time of delivery of the relevant aircraft.

There has been no material adverse change in the prospects of the Issuer since the publication of the last audited financial statements.

Influence of Management on Factors Affecting the Estimates

The assumptions on bases for future outlook upon which the management can influence for its part include measures that Finnair is capable of implementing in Finnair's operations to a certain extent, such as product and service selection, pricing and sales network, as well as Finnair's cost structure and amount and timing of investments. The other factors expressed in section "*Prospects*" above are generally outside of the influence of the management.

Financial Targets

Finnair confirmed the following financial targets on 7 May 2015:

- EBIT margin 6 per cent over cycle;
- EBITDAR margin minimum of 17 per cent over cycle;
- Adjusted gearing maximum of 175 per cent; and
- Return on Capital Employed (ROCE) minimum of 7 per cent.

The financial targets set forth above include forward-looking statements and are not guarantees of Finnair's future financial performance. Finnair's actual results of operations and financial position could differ materially from those expressed in the forward-looking statements as a result of many factors, including but not limited to those described under "Special Cautionary Notice Regarding Forward-Looking Statements" and "Risk Factors". The Issuer advises prospective investors to consider such forward-looking statements with caution.

Legal and Arbitration Proceedings

There are no governmental, legal, arbitration or administrative proceedings against or affecting the Issuer or any of its subsidiaries (and no such proceedings are pending or threatened of which the Issuer is aware) during a period covering at least the previous 12 months which have or may have in the recent past, individually or in the aggregate, significant effects on the profitability or the financial position of the Issuer or of the Issuer and its subsidiaries taken as a whole.

DIRECTORS, MANAGEMENT AND MAJOR SHAREHOLDERS

General

Finnair has a highly experienced management team with a strong track record of success in multiple disciplines. Management has positioned Finnair as the first European carrier to receive and benefit from the new A350-900 XWB aircraft and, thereby, allowing Finnair to benefit from first mover advantages over key peers. Finnair's management has been successfully focused on growing revenue through ancillary revenue sources, improving yields with fleet upgrades and new markets and routes. Finally, Finnair's management has delivered and outperformed on the cost saving programmes discussed under "*Information about the Issuer and Finnair – General*".

Board of Directors

Klaus Heinemann (born 1951) has been the Chairman of the Board of Directors since March 2013 and a member of the Board of Directors since 2012. Mr Heinemann was the CEO of AerCap Holdings N.V., a NYSE-listed global aircraft leasing company, in between 2003 and 2011, Member of the Executive Board of DVB Bank, focused on transport financing, between 1998 and 2002, Global Head of Aviation/Shipping at the Long-Term Credit Bank of Japan (LTCB) and the Co-Head of LTCB's London branch between 1988 and 1998, and held various positions in Bank of America between 1976 and 1988. Relevant positions of trust include Member of the Advisory Board of Skyworks Holdings LLC, non-executive Board Director of Algeco Scotsman Holdings, Advisory Board Director of Avinomics GmbH, Chairman of the Board of Directors of AerData between 2007 and 2014 and Advisory Board Director of Scope AG. Mr Heinemann holds a Diplom Kaufmann.

Harri Kerminen (born 1951) has been the Vice Chairman of the Board of Directors since 2012 and a member of the Board of Directors since 2011. Mr Kerminen was President and CEO of Kemira Plc and Chairman of the Business and Strategic Management Boards of Kemira between 2008 and 1 April 2012. He was President of the Kemira Pulp&Paper business area between 2006 and 2007, President of the Kemira Specialty business area between 2000 and 2006 and held several different positions in Kemira both in Finland and international locations between 1989 and 2000. Relevant positions of trust include Chairman of the Boards of Metgen Oy, HST Partners Oy, Spinverse Oy and Magsort Oy, and Member of the Boards of Tikkurila Oyj, Normet Oy, SK Spice Holdings Sarl and Harjavalta Oy. Mr Kerminen holds a Master of Science degree in Engineerng and an MBA.

Maija-Liisa Friman (born 1952) has been a member of the Board of Directors since 2012. Ms Friman was President and CEO of Aspocomp Group Oyj between 2004 and 2007, Managing Director of Vattenfall Oy between 2000 and 2004 and President of Gyproc Oy between 1993 and 2000. Relevant positions of trust include Vice Chairman of the Board of Neste Oil Oyj, Partner of Boardman Ltd, Member of the Boards of LKAB, the Finnish Securities Market Association, and Chairman of the Board of Helsinki Deaconess Institute. Ms Friman holds a Master of Science in Chemical Engineering.

Jussi Itävuori (born 1955) has been a member of the Board of Directors since 2012. Mr Itävuori is Senior Partner and Director of RJI Partners Limited and Managing Director of RJI Partners Oy. Previously, Mr Itävuori was the Head of Human Resources for, and a Member of the Executive Committee of, the European Aeronautic Defence and Space Company EADS between 2001 and June 2012. From 1982 to 2001, Mr Itävuori worked in several human resources management positions with the elevator manufacturer KONE Corporation, lastly as Senior Vice President of Human Resources and Communication and as Member of the Corporate Management Group between 1997 and 2001. Relevant positions of trust include Member of the Board of Barona Group Oy and RJI Partners Oy, and Chairman of the Board of RJI Holding Oy and Cloudator Payroll Oy. Mr Itävuori holds a Master of Science degree in Economics.

Gunvor Kronman (born 1963) has been a member of the Board of Directors since 2012. Ms Kronman has been the CEO of Hanasaari, the Swedish-Finnish Cultural Centre since 2003. Prior to her current position she worked in several positions with the International Red Cross between 1987 and 2003 and as Senior Advisor of Nordic Council in Denmark between 1996 and 1999. She started her career as a journalist in the Finnish Broadcasting Company YLE between 1983 and 1987. Relevant positions of trust include Chairman of the Board of Kalevala Jewelry, Plan Finland and Vice Chairman of the Board of Crisis Management Initiative, Plan International and the Finnish Development Policy Committee, and member of the Boards of the Finnish Red Cross Blood Service, Helsinki University, Konstsamfundet, the Finnish Unesco Committee, the Swedish Royal National Theater Dramaten (Sweden), Rand Corporations (US/UK) and Augusta Victoria Hospital (Palestine). Ms Kronman holds a Master of Arts degree and is an Eisenhower Fellow.

Jaana Tuominen (born 1960) has been a member of the Board of Directors since 2014. Ms Tuominen has been the CEO of Paulig Group since 2008. Ms Tuominen has extensive experience from international consumer businesses. Before her current position she was the Managing Director of GE Healthcare Finland and General Manager of GE's

Global Monitoring Solutions business unit. Relevant positions of trust include member of the Boards of Suomen Messut Osuuskunta, Elintarviketeollisuusliitto ry and Suominen Oyj. Ms Tuominen holds a Master of Science degree in Engineering.

Nigel Turner (born 1958) has been a member of the Board of Directors since 2014. Mr Turner is the former CEO of British Midland Airways (bmi) and he has over 25 years' experience in the airline industry. Relevant positions of trust include Deputy Chairman of the Board of Directors and Chairman of the Audit Committee of aircraft leasing company Jetscape Inc., member of the Board of Directors and of the Audit and Treasury Committees of NATS plc (National Air Traffic Services) and Deputy Chairman of the Board of Directors of The Airline Group Ltd, which is one the owners of NATS plc. Mr Turner holds a Honorary Bachelor of Arts degree.

Executive Board

Pekka Vauramo (born 1957), President and Chief Executive Officer, in Finnair's service since 2013. Mr Vauramo previously worked for Cargotec Corporation, MacGregor, as Chief Operating Officer (COO) between 2012 and 2013, and Cargotec Corporation, as Chief Operating Officer and Deputy to CEO between 2007 and 2012, and for Sandvik between 1985 and 2007. Key positions of trust include member of the Boards of Normet Group and Glaston Plc. Mr Vauramo holds a Master of Science degree in Mining.

Pekka Vähähyyppä (born 1960), Chief Financial Officer as of August 2015. Mr Vähähyyppä joined Finnair from Stockmann where he held different management positions between 2000 and 2015, most recently as CFO. Prior to that, he held financial management positions in for example, Nestlé's Nordic subsidiaries, OKO-Venture Capital and A-lehdet Oy. Mr Vähähyyppä has also been member of the Boards of A-lehdet Oy since 2013 and Hartela-yhtiöt Oy since 2012. Mr Vähähyyppä holds a Master of Science degree in Economics and an eMBA.

Eija Hakakari (born 1961), Senior Vice President Human Resources as of October 2014. Ms Hakakari. Before joining Finnair, Eija Hakakari was SVP Human Resources at Stora Enso's Printing and Living division. Her previous positions include SVP Human Resources at Rautaruukki and various HR director positions in both China and Finland. Ms Hakakari holds a Master of Science degree in Education.

Ville Iho (born 1969), Chief Operating Officer, in Finnair's service since 1998. Mr Iho previously held various posts in Finnair's Scheduled Traffic. Prior to his present position he was Finnair's SVP Resources Management. Mr Iho holds a Master of Science degree in Technology.

Juha Järvinen (born 1976), Chief Commercial Officer as of November 2014, in Finnair's service since 2012. Mr Järvinen has extensive experience in managing different services within the airline industry. He served as Managing Director of Finnair Cargo since March 2012, and prior to that he was the Vice President, Ground Handling International in SAS Scandinavian Airlines. Mr Järvinen holds an MBA.

Sami Sarelius (born 1971), Senior Vice President and General Counsel, in Finnair's service since 1998. Mr Sarelius holds an LLM.

Arja Suominen (born 1958), Senior Vice President Corporate Communications and Corporate Responsibility, in Finnair's service since 2011. Ms Suominen previously worked for Nokia Oyj, mainly in communications positions, ultimately as Nokia Oyj's Senior Vice President, Communications. Ms Suominen holds a Master of Arts degree and an e-MBA.

Business Address

The business address of the members of the Board of Directors, the Chief Executive Officer and the Executive Board is Tietotie 9 A, FI-01530 Vantaa, Finland.

Conflicts of Interest

The members of the Board of Directors, the Executive Board or the Chief Executive Officer do not have any conflicts of interest between their duties relating to the Issuer and their private interests and/or their other duties.

Corporate Governance

Finnair adheres to the Articles of Association and the Finnish Companies Act (624/2006, as amended) as well as the rules and regulations for listed companies issued by the Helsinki Stock Exchange. Furthermore, Finnair complies without exception with the Finnish Corporate Governance Code for listed companies published in 2010. The Corporate

Governance Code is publicly available on the website of the Securities Market Association's website at www.cgfinland.fi. Finnair's Corporate Governance Statement is available on Finnair's website.

All members of the Board of Directors are independent of the Issuer and its significant shareholders.

Board Committees

Audit Committee

The Audit Committee members are Ms Maija-Liisa Friman (Chairman), Mr Harri Kerminen and Mr Nigel Turner.

The Audit Committee assists the Board of Directors in its task to ensure the proper governance of the Issuer, in particular, by considering the accounting and financial reporting, the Issuer's internal control systems and the work of the external auditors. The Audit Committee addresses concerns pertaining to control matters as raised by the management or the auditors of Finnair. These are reported to the Board of Directors by the Audit Committee. The Audit Committee ensures that appropriate action is taken by the management to rectify identified shortcomings.

According to the Corporate Governance Code, the members of the Committee must be sufficiently qualified to perform the responsibilities of the Committee.

The Audit Committee monitors the financial status of Finnair, monitors the reporting process of financial statements and interim reports and assesses the draft financial statements and interim reports, assesses the efficiency of Finnair's internal controls, internal auditing and risk management system, monitors the statutory audit and reviews all material reports from the auditor, assesses the independence of the auditors, in particular with regard to their ancillary services, and prepares for the Board of Directors proposals to the Annual General Meeting of Shareholders regarding the election of the auditor(s) and their remunerations, reviews the auditors' and internal auditors' audit plans and reports, reviews Finnair's corporate governance statement, prepares for the Board of Directors the group's risk management policies, prepares for the Board of Director's decisions on significant changes in the accounting principles or in the valuations of the group's assets, assesses Finnair's compliance with laws and regulations and maintains contact with the auditors.

Compensation and Nomination Committee

The Compensation and Nomination Committee members are Mr Jussi Itävuori (Chairman), Mr Harri Kerminen, Ms Gunvor Kronman and Ms Jaana Tuominen.

The Compensation and Nomination Committee assists the Board of Directors in matters pertaining to the compensation and benefits of the Chief Executive Officer and other senior management, their performance evaluation, appointment and successor planning. The Committee assists the Board of Directors also in establishing and evaluating Finnair's compensation structures and other personnel policies.

Major Shareholders

The State of Finland (acting through the Prime Minister's Office) owns 55.8 per cent of the issued and outstanding shares and votes in Finnair. Finnair is thus directly controlled by the State of Finland.

The State exercises its ownership according to the State Shareholdings and Ownership Steering Act (1368/2007, as amended) (the "**Ownership Steering Act**"). According to the Ownership Steering Act, Finnair is a "state majority-owned company". This means, among others, that consent of the Finnish Parliament would be required for relinquishing the State's majority ownership in Finnair.

In the Government Resolution on State Ownership Policy dated 3 November 2011 (the "**Resolution**") certain state-majority owned companies, including Finnair, are considered to be companies in which the State has strategic interests relating to, for example, the security of supply, the maintenance and protection of the infrastructure and national defence.

Pursuant to the Resolution, as a state majority-owned company operating on a commercial basis in a competitive environment, the Issuer has to operate on the same terms as its competitors and in a manner that its ownership arrangement does not distort competition. In accordance with this policy of competitive neutrality set forth in the Resolution, the operating principles, financial structure and return targets of state-majority owned companies operating on a commercial basis must be comparable with those of other companies engaged in the same field of activity. Even so, such companies are required to give due consideration to the justified expectations arising from state ownership regarding responsible operations in compliance with the principles of sustainability.

According to the Resolution, strategic state interests may also extend to commercial companies operating in markets open to competition. More specifically, such strategic interests relate to the security of supply, the maintenance and protection of the infrastructure, and national defence. Additionally, while the companies may have obligations to provide certain basic services, they must clearly follow generally accepted business practices. With such companies, the goal of ownership steering is to achieve the best possible overall financial result at any given time. This is evaluated in terms of profitability and long-term growth in shareholder value. When ownership is evaluated, due consideration is given to the cost effects arising from the State’s strategic interests and the maintenance of the level of control required to safeguard such interests.

TAXATION

The following is a summary limited to certain tax considerations in Finland and, as the case may be, the EU relating to the Capital Securities as of the date of this Listing Prospectus and subject to any changes in law, and is included herein solely for information purposes. It does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Capital Securities. Each prospective holder or beneficial owner of Capital Securities should consult its tax advisor as to the tax consequences of any investment in or ownership and disposition of the Capital Securities.

Finland

Non-resident Holders of Capital Securities

Payments made by or on behalf of the Issuer to persons not resident in Finland for tax purposes and who do not engage in trade or business through a permanent establishment or a fixed place of business in Finland may be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Republic of Finland or by any municipality or other political subdivision or taxing authority thereof or therein. The current rate of corporate income tax is 20 per cent.

Resident Holders of the Capital Securities

Corporates

Payments made by or on behalf of the Issuer to corporates resident in Finland for tax purposes may be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Republic of Finland or by any municipality or other political subdivision or taxing authority thereof or therein. The interest is subject to final taxation of the recipient in accordance with the Finnish Business Income Tax Act (*laki elinkeinotulon verottamisesta* 360/1968, as amended) or the Finnish Income Tax Act (*tuloverolaki* 1535/1992, as amended). The current rate of corporate income tax is 20 per cent.

Individuals and Estates

Payments of interest or interest compensation (secondary market compensation, in Finnish "*jälkimarkkinahyvitys*") made to individuals or estates are generally subject to advance withholding of income tax under the Finnish Prepayment Act (*ennakkoperintälaki* 1118/1996, as amended) and final taxation as capital income in accordance with the Finnish Income Tax Act. The current income tax advance withholding rate is 30 per cent. The capital income tax is 30 per cent (33 per cent of the capital income exceeding EUR 30,000; however according to the Government budget proposal for 2016, the tax rate would be increased to 34 per cent for income exceeding EUR 30,000 as of 2016). The withholding liability should primarily lie with a possible paying agent or other intermediary (such as a financial institution) effecting the payment, if the paying agent or intermediary is resident in Finland for tax purposes or the payment is made through a Finnish permanent establishment of a non-resident paying agent or intermediary. Payments made under the Capital Securities are not subject to withholding tax according to the Finnish Act on Withholding Tax on Interest Income (*laki korkotulon lähdeverosta* 1341/1990, as amended).

EU Savings Directive

On 3 June 2003, the European Council of Economic and Finance Ministers adopted the Savings Directive. Pursuant to the Savings Directive and subject to a number of conditions being met, EU member states are required, since 1 July 2005, to provide to the tax authorities of another EU member state, inter alia, details of payments of interest within the meaning of the Savings Directive (interest, premiums or other debt income) made by a paying agent located within its jurisdiction to, or for the benefit of, an individual resident in that other EU member state or to so-called residual entities established in that other EU member state (the "**Disclosure of Information Method**").

For these purposes, the term "paying agent" is defined widely and includes in particular any economic operator who is responsible for making interest payments, within the meaning of the Savings Directive, for the immediate benefit of the beneficial owner.

However, throughout a transitional period, Austria, instead of using the Disclosure of Information Method used by other EU member state, unless the relevant beneficial owner of such payment elects for the Disclosure of Information Method, withholds an amount on interest payments. The current withholding tax rate is 35 per cent. Luxembourg operated such a withholding system until 31 December 2014 but the Luxembourg government has elected out of the withholding system with effect from 1 January 2015, in favour of the Disclosure of Information Method under the Savings Directive.

A number of non-EU countries and dependent or associated territories have agreed to adopt similar measures (transitional withholding or exchange of information) with effect since 1 July 2005.

On 24 March 2014, the Council of EU adopted the Amending Directive, which, when implemented, will amend and broaden the scope of the requirements described above. In particular, the Amending Directive aims at extending the scope of the Savings Directive to new types of savings income and products that generate interest or equivalent income. In addition, tax authorities will be required in certain circumstances to take steps to identify the beneficial owner of interest payments (through a look through approach). The EU member states will have until 1 January 2016 to adopt the national legislation necessary to comply with this Amending Directive and are required to apply these new requirements from 1 January 2017.

The Savings Directive may, however, be repealed in due course in order to avoid overlap with the amended Council Directive 2011/16/EU on administrative cooperation in the field of taxation, pursuant to which EU member states other than Austria will be required to apply other new measures on mandatory automatic exchange of information from 1 January 2016. Austria has an additional year before being required to implement the new measures, but it has announced that it will nevertheless begin to exchange information automatically in accordance with the timetable applicable to the other EU member states.

Investors should inform themselves of, and where appropriate take advice on, the impact of the Savings Directive and the Amending Directive on their investment.

All prospective investors should seek independent advice as to their tax positions.

SUBSCRIPTION AND SALE

Pursuant to a subscription agreement (the "**Subscription Agreement**") to be entered into between the Joint Lead Managers and the Issuer on or about 9 October 2015, the Joint Lead Managers will agree, subject to satisfaction of certain conditions, to jointly and severally subscribe and pay for the Capital Securities at a price equal to 100 per cent of their principal amount less the commissions agreed between the Issuer and the Joint Lead Managers. The Subscription Agreement entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

General Restrictions

Neither the Issuer nor any Joint Lead Manager has taken or will take any action in any jurisdiction that would, or is intended to, permit a public offering of the Capital Securities or possession or distribution of this Listing Prospectus (in preliminary, proof or final form) or of any other offering material relating to the Capital Securities, in any country or jurisdiction where action for that purpose is required.

Each Joint Lead Manager has agreed that it will comply, to the best of its knowledge, with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Capital Securities or has in its possession or distributes this Listing Prospectus (in preliminary, proof or final form) or any other material. It will also ensure that no obligations are imposed on the Issuer or any other Joint Lead Manager in any such jurisdiction as a result of any of the foregoing actions.

United States

The Capital Securities have not been and will not be registered under the Securities Act, and the Capital Securities 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, or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph and not otherwise defined herein have the meanings given to them by Regulation S.

Each Joint Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Capital Securities (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date (the "**Distribution Compliance Period**"), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Capital Securities during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Capital Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph and not otherwise defined herein have the meanings given to them by Regulation S. The Capital Securities are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Capital Securities, an offer or sale of Capital Securities within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

(i) 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 Capital Securities in circumstances in which section 21 (1) of the FSMA does not apply to the Issuer; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Capital Securities in, from or otherwise involving the United Kingdom.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents have been incorporated by reference into this Listing Prospectus. They have been published on Finnair's website at www.finnairgroup.com/investors/investors_2.html.

Documents Incorporated by Reference	Information Incorporated by Reference
Finnair's unaudited consolidated interim report as at and for the six months ended 30 June 2015	
Finnair's Annual Report 2014, p. 60–115	Financial Statement for the year 2014
Finnair's Annual Report 2014, p. 116	Auditor's Report for the year 2014
Finnair's Annual Report 2013, p. 59–121	Financial Statement for the year 2013
Finnair's Annual Report 2013, p. 122	Auditor's Report for the year 2013

DOCUMENTS ON DISPLAY AND AVAILABLE INFORMATION

In addition to the documents incorporated by reference into this Listing Prospectus, the Issuer's Articles of Association and Extract from the Finnish Trade Register concerning the Issuer are available at www.finnairgroup.com.

Finnair publishes annual reports, including its audited consolidated financial statements, quarterly interim financial information and other information as required by the Helsinki Stock Exchange. All annual reports, interim reports and stock exchange releases are published in Finnish and English. All material is available at www.finnairgroup.com.

ANNEX A: TERMS AND CONDITIONS OF THE CAPITAL SECURITIES

FINNAIR PLC
EUR 200,000,000 CAPITAL SECURITIES

TERMS AND CONDITIONS

1. DEFINITIONS AND INTERPRETATIONS

1.1 Definitions

"**5-year Swap Rate Quotations**" means the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating Euro interest rate swap transaction which transaction (i) has a term of five (5) years commencing on the first day of the relevant Interest Period, (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, and (iii) has a floating leg based on the 6-month EURIBOR rate (calculated on an Actual/360 day count basis).

"**Accounting Event**" means the receipt by the Issuer of an opinion of an Authorized Public Accountant in Finland (reputable and experienced in such matters) to the effect that, as a result of a change in the applicable accounting standards or interpretation thereof, the equity treatment of the Capital Securities as "equity" in full in the Issuer's consolidated financial statements has or will cease.

"**Accrued Interest**" means interest (including Deferred Interest) accrued from the immediately preceding Interest Payment Date on which interest (including Deferred Interest) was paid or, if none, the Issue Date, to the Redemption Date.

"**Additional Amounts**" shall have the meaning ascribed to it in Clause 8 (*Taxation*).

"**Adjusted Nominal Amount**" means the total outstanding Nominal Amount of the Capital Securities not held by the Issuer or any Group Company from time to time.

"**Authorized Public Accountant**" means an accountant certified by the Finland Central Chamber of Commerce being a partner or an employee of a recognised accountancy firm of international standing.

"**Book-Entry Account**" means a securities account (account for shares and other securities (*arvo-osuustili*)) according to the Act on the Book-Entry System and Clearing Operations (749/2012 as amended from time to time) (*laki arvo-osuusjärjestelmästä ja selvitystoiminnasta*) and the Act on Book-Entry Accounts (827/1991 as amended from time to time) (*laki arvo-osuustileistä*).

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are generally open to settle payments in Helsinki and a day on which (i) EFi's relevant system for the Capital Securities and (ii) TARGET2 System or any successor to it is open.

"**Calculation Agent**" means Danske Bank Oyj or any successor or assign.

"**Capital Security**" means a debt instrument which has been issued by the Issuer subject to these Terms and Conditions.

"**Change of Control**" means that any person or group of persons acting in concert (other than the Republic of Finland), directly or indirectly, gains Control (as defined below) of the Issuer.

"**acting in concert**" means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition and/or possession by any of them, either directly or indirectly, of shares in the Issuer, to obtain or consolidate Control of the Issuer;

"**Control**" means either:

(a) ownership of shares of the Issuer representing more than fifty (50) per cent. of the total voting rights represented by the shares of the Issuer; or

(b) capability of appointing the majority of the board of directors of the Issuer.

"**Deferred Interest**" shall have the meaning ascribed to it in Clause 6.1.1 (*Cumulative optional interest deferral*).

"**Deferred Interest Payment Date**" means the earlier of:

(a) the Interest Payment Date on which the Issuer elects to pay interest (other than Deferred Interest), in whole or in part, in respect of the Capital Securities;

(b) the date on which the Issuer or any other issuer of, or obligor of, the New Capital Securities or other obligations referred to below makes a payment (such payment to be at the sole discretion of the Issuer or such other issuer or obligor) (i) in respect of any New Capital Securities (unless such payment is a compulsory interest payment under the terms of the New Capital Securities) or (ii) in respect of any other obligations ranking *pari passu* with or junior to the Capital Securities, if any, or any guarantee thereof (with same ranking);

(c) the Business Day falling immediately prior to the date on which any Annual General Meeting of the Issuer approves a proposal of the Board of Directors regarding a distribution of dividend in any form and amount (for the avoidance of doubt, excluding Minority Dividend whether proposed by the Board of Directors or not), or makes payment of any nature on any share capital or securities ranking junior to the Capital Securities (such payment to be at the sole discretion of the Issuer); or

(d) the Business Day falling immediately prior to the date on which the Issuer or any Group Company redeems, purchases or otherwise acquires any share capital, securities or other obligations ranking junior to or *pari passu* with the Capital Securities, if any (unless such redemption, purchase or acquisition is compulsory or non-discretionary for the Issuer or such Group Company under the applicable terms).

"**EFi**" means Euroclear Finland Ltd, the Finnish central securities depository in respect of the Capital Securities.

"**EUR**", "**euro**" and "**€**" means the single currency of the participating member states of the European Economic and Monetary Union.

"**EURIBOR**" means (A) the interest rate which, as of approximately 11.00 a.m. (Brussels time) on the applicable Interest Determination Date, is displayed on Reuter's page EURIBOR01 (or any other system or other page which replaces such system or page) or, (B) if the relevant rate does not appear, in each case as determined by the Calculation Agent, the average of four major European commercial banks' (as determined by the Calculation Agent) quoted lending rates in the relevant interbank market or, if only one or no such quote exists, such interest rate which, according to the Calculation Agent's opinion, corresponds to the interest rates offered by leading European commercial banks, in each case for the lending of EUR for the applicable period in the relevant interbank market. If any applicable interest rate for EURIBOR or the arithmetic mean is below zero, EURIBOR will be deemed to be zero.

"**Extraordinary Resolution**" shall have the meaning ascribed to it in Clause 13.6 (*Holders' Meeting*).

"**First Reset Date**" means the date falling five (5) years from the Issue Date.

"**Fixed Day Count Fraction**" means (a) the actual number of days in the period from (and including) the date from which the interest began to accrue for the relevant period of calculation (the "**accrual date**") to (but excluding) the date on which it falls due divided by (b) the actual number of days from and including the accrual date to (but excluding) the next following Interest Payment Date.

"**Group Company**" means, in relation to the Issuer, any Finnish or foreign legal entity which at any time is a subsidiary to the Issuer, directly or indirectly.

"**Holder**" means a person registered on a Book-Entry Account as holder of the Capital Securities.

"**Holders' Meeting**" means a meeting of Holders held in accordance with Clause 13 (*Holders' Meeting*).

"**Initial Fixed Interest Rate**" means, in relation to each Interest Period from and including the Issue Date to, but excluding, the First Reset Date, 7.875 per cent. per annum.

"**Interest Determination Date**" means the second TARGET Settlement Day before the commencement of the Interest Period for which the rate will apply.

"**Interest Payment Date**" means, 13 October in each year with the first Interest Payment Date being 13 October 2016.

"**Interest Period**" means each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date or, in respect of the last Interest Period, the Redemption Date (whether or not an Interest Payment Date).

"**Interest Rate**" means the Initial Fixed Interest Rate and/or the Prevailing Fixed Interest Rate (as applicable).

"**Investment Grade Credit Rating**" means the rating assigned to the senior unsecured debt of the Issuer by any Rating Agency that is Baa3, BBB- or its equivalent for the time being or better.

"**Issue Date**" means 13 October 2015.

"**Issue Price**" means 100 per cent.

"**Issuer**" means Finnair Plc, Business Identity Code 0108023-3.

"**Issuer Subordinated Indebtedness**" means any obligation of the Issuer (including any guarantee or indemnity), whether or not having a fixed maturity, which by its terms is, or is expressed to be, subordinated in the event of voluntary or involuntary liquidation, bankruptcy or company reorganisation of the Issuer to the claims of all other subordinated creditors of the Issuer, but which by their terms as at their original issue date are expressed to rank, or pursuant to applicable Finnish law rank, senior to all capital securities, including the Capital Securities issued or guaranteed by the Issuer.

"**Minority Dividend**" means a resolution by the Issuer of distribution of dividend (i) in accordance with the Limited Liability Companies Act (624/2006 as amended from time to time) (*osakeyhtiölaki*) and based on a demand made by shareholders attending in an Annual General Meeting of the shareholders and representing at least 10 per cent. of all shares of the Issuer or (ii) in accordance with a proposal made by the Board of Directors which proposal is based on a claim for minimum dividend pursuant to the Limited Liability Companies Act made by shareholders representing at least 10 per cent. of all shares of the Issuer. Such demand shall be made before the Annual General Meeting makes a decision on the use of the profit funds.

"**New Capital Securities**" means any subordinated capital securities of, or guaranteed by, the Issuer the terms of which securities and/or guarantee are expressed to rank junior to Issuer Subordinated Indebtedness and *pari passu* with or junior to the Capital Securities.

"**Nominal Amount**" means the nominal amount of each Capital Security, being EUR 100,000.

"**Prevailing Fixed Interest Rate**" means in relation to each Interest Period falling in any Reset Period commencing on or after the First Reset Date, a percentage rate per annum which is the aggregate of (i) the relevant Reference Rate for such Reset Period, (ii) the Re-Offer Spread and (iii) and five (5) per cent. per annum as determined by the Calculation Agent.

"**Rating Agency**" means Moody's Investors Service Inc. or Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. and their respective successors.

"**Reference Bank Rate**" means the percentage rate determined on the basis of the 5-year Swap Rate Quotations provided by five (5) leading swap dealers in the interbank market (the "**Reference Banks**") to, and selected at the sole discretion of, the Calculation Agent at approximately 11.00 a.m. (Frankfurt time), on the Reset Determination Date. If at least three (3) such quotations are provided, the 5-year Swap Rate will be the arithmetic mean of the quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If the Reference Bank Rate is unavailable or the Calculation Agent determines that no Reference Bank is providing offered quotations, the Interest Rate for the relevant Interest Rate Period shall be the Interest Rate in effect for the last preceding Reset Period.

"**Redemption Date**" means the date on which the Capital Securities will be redeemed pursuant to these Terms and Conditions.

"**Reference Rate**" means, for any Reset Period, the applicable five (5) year swap rate (the "**5 year Swap Rate**") determined, as described hereinafter, prior to the relevant Reset Date on which the relevant Reset Period begins (the "**Reference Reset Date**"). The Reference Rate for a Reset Period will be determined by the Calculation Agent and will be the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating euro interest rate swap transaction which (i) has a term of five (5) years commencing on the Reference Reset Date, (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, and (iii) has a floating leg based on the 6-months EURIBOR rate (calculated on an Actual/360 day count basis), as such arithmetic mean appears on the Reuters screen "ISDAFIX2" under the heading "EURIBOR BASIS" and the caption "11.00 AM Frankfurt time" (the "**Screen Page**") (as such headings and captions may appear from time to time) as of 11.00 a.m. (Frankfurt time) on the second Business Day prior to the Reference Reset Date (each, a "**Reset Determination Date**"). In the event that the 5-year Swap Rate does not appear on the Screen Page on the relevant Reset Determination Date, the 5-year Swap Rate will be the Reference Bank Rate on such Determination Date.

"**Re-Offer Spread**" means 7.544 per cent. per annum.

"Replacing Capital Event" means one or more issuances of share capital by the Issuer during the period from (and including) the Issue Date to but (excluding) the First Reset Date the aggregate proceeds of which (net of commissions) is equal to or greater than the outstanding aggregate amount of the Capital Securities provided such proceeds have not been used, directly or indirectly, to repurchase or redeem, or make any payments in respect of, any shares or securities of the Issuer which rank *pari passu* with, or junior, to the Capital Securities.

"**Reset Date**" means the First Reset Date, and thereafter each date which is the fifth anniversary thereof.

"**Reset Period**" means each period from and including the First Reset Date to, but excluding the next following Reset Date and thereafter from and including each Reset Date to, but excluding, the next following Reset Date.

"**TARGET Settlement Day**" means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the "**TARGET2 System**") is open.

"**Taxes**" shall have the meaning ascribed to it in Clause 8 (*Taxation*).

"**Tax Event**" means the receipt by the Issuer of an opinion of counsel in Finland (reputable and experienced in such matters) to the effect that, as a result of (a) any amendment to, clarification of, or change (including any announced prospective change) in, the laws or treaties (or any regulations thereunder) of Finland affecting taxation, (b) any governmental action or (c) any amendment to, clarification of, or change in the official position or the interpretation of such governmental action or any interpretation or pronouncement that provides for a position with respect to such governmental action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulator body, irrespective of the manner in which such amendment, clarification or change is made known, which amendment, clarification or change is effective or such pronouncement or decision is announced on or after the Issue Date, there is more than an insubstantial risk that (i) the Issuer is, or will be, subject to more than a *de minimis* amount of other taxes, duties or other governmental charges or civil liabilities with respect to the Capital Securities (other than, for the avoidance of doubt, a Withholding Tax Event) or (ii) the treatment of any of the Issuer's items of income or expense with respect to the Capital Securities as reflected in the tax returns (including estimated returns) filed (or to be filed) by the Issuer will not be accepted by a taxing authority, which subjects the Issuer to more than a *de minimis* amount of additional taxes, duties or other governmental charges, which in either such case cannot be avoided by the Issuer taking measures reasonably available to it.

"**Withholding Tax Event**" shall have the meaning ascribed to it in Clause 7.4.1 (*Redemption for withholding tax reasons*)

1.2 Interpretations

1.2.1 Any reference in these Terms and Conditions to principal or principal amount in respect of the Capital Securities shall be deemed to include:

(a) any Additional Amounts which may be payable with respect to principal;

(b) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Capital Securities.

1.2.2 Any reference in these Terms and Conditions to interest in respect of Capital Securities shall be deemed to include:

(a) any Deferred Interest (including any interest on Deferred Interest as calculated in accordance with Clause 6.1.3 (*Cumulative optional interest deferral*)); and

(b) any Additional Amounts which may be payable with respect to interest.

1.2.3 Any reference in these Terms and Conditions to bankruptcy, liquidation and company reorganisation shall mean the Finnish law concepts *konkurssi*, *purkaminen* and *yrityssaneeraus* as such concepts are applied from time to time pursuant to Finnish law.

2. THE CAPITAL SECURITIES AND OBLIGATION TO PAY

2.1 The aggregate amount of the Capital Securities (subject to the issue of any further capital securities pursuant to Clause 16.1 (*Further issues and listing*)) will be EUR 200,000,000 and will be represented by the Capital Securities, each in the Nominal Amount.

2.2 The Issuer undertakes, pursuant to these Terms and Conditions, to redeem the Capital Securities, to pay interest on the Capital Securities and to otherwise comply with these Terms and Conditions.

3. STATUS AND SUBORDINATION

The Capital Securities (including the obligation to pay interest thereon) constitute unsecured and subordinated obligations of the Issuer. In the event of a voluntary or involuntary liquidation, a bankruptcy or a company reorganization of the Issuer, the rights of the Holders to payments of the principal amount of the Capital Securities, Accrued Interest and any other amounts due in respect of the Capital Securities rank and will rank:

(a) *pari passu* without any preference among themselves;

(b) at least *pari passu* with any other present or future outstanding New Capital Securities of the Issuer;

(c) in priority to payments to holders of all classes of share capital of the Issuer in their capacity as such holders and any other obligation of the Issuer (including New Capital Securities) expressed by its terms as at its original issue date to rank, or pursuant to applicable Finnish law rank, junior to the Capital Securities; and

(d) junior in right of payment to the payment of any present or future claims (i) of all unsubordinated creditors of the Issuer, and (ii) of all creditors of the Issuer in respect of Issuer Subordinated Indebtedness, if any.

The Capital Securities will rank *pari passu* with all existing capital securities issued by the Issuer prior to the Issue Date.

4. REGISTRATION AND ISSUANCE OF CAPITAL SECURITIES

The Capital Securities will be registered on behalf of the Holders on Book-Entry Accounts within eight (8)

Business Days after the end of the subscription period in accordance with the Act on the Book-Entry System and Clearing Operations and the Act on Book-Entry Accounts and the rules and regulations of EFi and title to the Capital Securities will be evidenced by such registration. The Capital Securities are not freely transferable until they have been registered in a Book-Entry Account and transfers of Capital Securities may only be effected through, and title thereto will only pass upon, registration and transfer in such Book-Entry Accounts. No physical securities or other documents of title will be issued in respect of the Capital Securities.

5. INTEREST

5.1 Initial Fixed Interest Rate

From and including the Issue Date to but excluding the First Reset Date, the Capital Securities bear interest on their outstanding principal amount at the Initial Fixed Interest Rate, subject to Clauses 6.3 (*Minority Dividend*) and 7.7 (*Change of Control*). Such interest will be payable (subject **to** the provisions contained in Clause 6.1 (*Cumulative optional interest deferral*)) annually in arrears on each Interest Payment Date. The interest payable shall be determined by the Calculation Agent by applying the Initial Fixed Interest Rate to the principal amount of such Capital Security, multiplying the product by the Fixed Day Count Fraction and rounding the resulting figure to the nearest cent (half a cent if being rounded upwards).

5.2 Prevailing Fixed Interest Rate

From and including the First Reset Date, the Capital Securities bear interest on their outstanding principal amount at the Prevailing Fixed Interest Rate, subject to Clauses 6.3 (*Minority Dividend*) and 7.7 (*Change of Control*). Such interest will be payable (subject to the provisions contained in Clause 6.1 (*Cumulative optional interest deferral*)) annually in arrears on each Interest Payment Date. The interest payable shall be determined by the Calculation Agent by applying the Prevailing Fixed Interest Rate to the principal amount of such Capital Security, multiplying the product by the Fixed Day Count Fraction and rounding the resulting figure to the nearest cent (half a cent if being rounded upwards).

5.3 Calculation Agent

The calculations and determinations made by the Calculation Agent shall (save for any manifest error) be final and binding upon all parties. The Calculation Agent shall have no responsibility for good faith errors or omissions in any calculation made by it as provided herein.

6. INTEREST PAYMENT AND DEFERRAL

6.1 Cumulative optional interest deferral

6.1.1 The Issuer may, in its sole discretion but subject to Clauses 6.1.2, 6.1.3 and 6.1.4, elect to defer any interest payment which would otherwise be due on any Interest Payment Date (in whole or in part). Any interest in respect of any Capital Security not paid on an Interest Payment Date shall constitute "**Deferred Interest**". If there are several amounts of Deferred Interest they shall accumulate until paid in full on the first Deferred Interest Payment Date following such Interest Payment Date.

If the Issuer makes only a partial payment of interest on any Interest Payment Date, such amount shall be applied equally to each Capital Security.

6.1.2 If any of the events referred to in sub-clauses (b), (c) or (d) of the definition of Deferred Interest Payment Date has occurred during the twelve (12) months immediately preceding an Interest Payment Date, the Issuer may not defer an interest payment due on such Interest Payment Date in accordance with Clause 6.1.1.

6.1.3 Each amount of Deferred Interest shall bear interest (as if it constitutes a principal amount) at an Interest Rate which equals the then current Interest Rate on the Capital Securities. Deferred Interest shall not be capitalised to the principal amount of the Capital Securities.

6.1.4 The Issuer shall:

(a) if it wishes to elect to defer any interest payment, as soon as practicable and in any event not less than twenty (20) Business Days prior to the relevant Interest Payment Date; or

(b) in respect of any payment of Deferred Interest on a Deferred Interest Payment Date, as soon as practicable,

in the case of (a), give notice of such election (which shall be irrevocable) or, in the case of (b), give notice of such Deferred Interest Payment Date (which, save as provided above, shall be irrevocable) to the Calculation Agent and the Holders.

6.2 Compulsory Interest Payment

The Issuer shall pay the Deferred Interest (including interest accrued thereon) in whole on the next following Deferred Interest Payment Date. If a Deferred Interest Payment Date is a result of an event referred to in sub-clauses (c) or (d) of the definition of Deferred Interest Payment Date, Deferred Interest shall be deemed to have become due on the Business Day immediately preceding the date of such event.

6.3 Minority Dividend

If there is any unpaid Deferred Interest at the time when the Issuer declares a dividend which constitutes a Minority Dividend, the Interest Rate applicable to the Capital Securities shall be increased by an additional margin of 5 per cent. per annum applicable as from the date on which such dividend is declared. The increased Interest Rate shall apply also to the current amount of Deferred Interest and any further Deferred Interest to the extent that the Issuer defers any interest payment after the declaration of a dividend which constitutes a Minority Dividend. The increased Interest Rate shall apply until the next following Deferred Interest Payment Date provided the payment of any Deferred Interest is made on such date.

7. REDEMPTION AND PURCHASE

7.1 No maturity

The Capital Securities do not have any specified maturity date and may not be redeemed otherwise than in accordance with these Terms and Conditions.

7.2 Redemption due to a Tax Event or an Accounting Event

Upon the occurrence of a Tax Event or an Accounting Event, the Issuer may, if it gives not less than thirty (30) nor more than sixty (60) days' notice to the Calculation Agent and the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem the Capital Securities in whole, but not in part, at any time after the occurrence of the relevant event, at (i) where such redemption occurs before the First Reset Date, an amount equal to 101 per cent. of their principal amount and (ii) where such redemption occurs on or after the First Reset Date, an amount equal to 100 per cent. of their principal amount, together, in each case, with any Accrued Interest to but excluding the date of redemption.

7.3 Redemption due to a Replacing Capital Event

Upon the occurrence of a Replacing Capital Event, the Issuer may, if it gives not less than thirty (30) nor more than sixty (60) days' notice to the Calculation Agent and the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem the Capital Securities in whole, but not in part, at any time after the occurrence of such event, at 103 per cent of their principal amount together with Accrued Interest to but excluding the date of redemption.

7.4 Redemption for withholding tax reasons

7.4.1 Unless notice of redemption has been given pursuant to Clause 7.2 above, the Issuer may, if it gives not less than thirty (30) nor more than sixty (60) days' notice to the Calculation Agent and the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem the Capital Securities in whole, but not in part, at any time, if:

(a) on the occasion of the next payment due under the Capital Securities, the Issuer has or (as evidenced by an opinion of a tax counsel in Finland (reputable and experienced in such matters)) will become obliged to pay Additional Amounts as a result of any change in, or amendment to, the laws or regulations of Finland or any political subdivision thereof or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date; and

(b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

(a "**Withholding Tax Event**") provided that no such notice of redemption shall be given earlier than ninety (90) days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts in relation to a payment in respect of the Capital Securities then due.

7.4.2 Capital Securities redeemed pursuant to this Clause 7.4 will be redeemed at their principal amount, together with any Accrued Interest to, but excluding the date of redemption.

7.5 Redemption at the option of the Issuer

The Issuer may, by giving not less than thirty (30) nor more than sixty (60) days' notice to the Calculation Agent and the Holders (which notice shall be irrevocable and specify the date fixed for redemption), elect to redeem all but not some only, of the Capital Securities on the First Reset Date or on any Interest Payment Date thereafter at their principal amount, together with any Accrued Interest to, but excluding the date of redemption.

7.6 Purchases

The Issuer or any Group Company may at any time purchase Capital Securities in any manner and at any price. If purchases are made by tender, tenders must be available to all Holders alike.

7.7 Change of Control

Upon the occurrence of a Change of Control, the Issuer may, if it gives not less than thirty (30) nor more than sixty (60) days' notice as from the date of such Change of Control to the Calculation Agent and the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption which shall be no later than the date which is six (6) months after the date of the Change of Control), redeem the Capital Securities in whole, but not in part, at an amount equal to 100 per cent. of their principal amount, together with any Accrued Interest. Such notice shall also specify the nature of the Change of Control, the circumstances giving rise to it and the date on which it became effective.

If such notice is not published within such 60 days of the Change of Control occurring, the Issuer will notify the Calculation Agent and the Holders, no later than sixty (60) calendar days following the effective Change of Control specifying the nature of the Change of Control, the circumstances giving rise to it and the date on which it became effective.

If after the occurrence of a Change of Control the Issuer has not redeemed the Capital Securities within six (6) months after the date of the Change of Control, the Interest Rate applicable to the Capital Securities (including any amount of current or future Deferred Interest) shall, subject to the following paragraph, be increased by an additional margin of 5.00 per cent. per annum. This increase shall become effective on the date which is six (6) months after the date of the Change of Control.

The Interest Rate increase set out in the preceding paragraph shall not be applied if prior to the date which is six (6) months after the date of the Change of Control the Issuer has obtained an Investment Grade Credit Rating. The Issuer will notify the Calculation Agent and the Holders not later than ten (10) calendar days after the date which is six (6) months after the date of the Change of Control whether or not it has obtained such an Investment Grade Credit Rating.

7.8 Irrevocable notices and redemption process

Upon the expiry of any notice as referred to in Clauses 7.2, 7.3, 7.4, 7.5 and 7.7 above, the Issuer shall be bound to redeem the Capital Securities in accordance with the terms of such Clause.

Upon the redemption of the Capital Securities the Issuer is entitled to have the Capital Securities debited from the relevant Book-Entry Accounts without any further consent from the Holders. The Issuer shall be entitled to carry out the redemption in the manner chosen by the Issuer at its sole discretion under the Act on the Book-Entry System and Clearing Operations and the Act on Book-Entry Accounts and the rules and regulations of EFi.

7.9 Additional conditions to redemption

The Capital Securities may only be redeemed pursuant to Clauses 7.2, 7.3 and 7.4 above, as the case may be, if the Issuer has delivered a certificate signed by two of its authorised signatories to the Calculation Agent (and copies thereof will be available at the Calculation Agent's specified office during its normal business hours) not less than five Business Days prior to the date set for redemption that the Tax Event, Accounting Event, Withholding Tax Event or Replacing Capital Event, as the case may be, has occurred or (other than in the case of the Replacing Capital Event) will occur no more than 90 days following the date fixed for redemption, as the case may be.

8. TAXATION

All payments in respect of the Capital Securities by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of Finland or any political subdivision of, or any authority in, or of, Finland having power to tax, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Holders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Capital Securities in the absence of the withholding or deduction (such amounts being "**Additional Amounts**"), except that no Additional Amounts shall be payable in relation to any payment in respect of any Capital Security:

(a) to, or to a third party on behalf of, a Holder who is liable to Taxes in respect of the Capital Security by reason of its having some connection with Finland other than the mere holding of the Capital Security; or

(b) to, or to a third party on behalf of, a Holder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or

(c) where such withholding or deduction is imposed on a payment to an individual or is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

9. PAYMENTS OF PRINCIPAL AND INTEREST

9.1 Payment of principal and interest shall be made to the Holders who in accordance with the Act on the Book-Entry System and Clearing Operations and the Act on Book-Entry Accounts and the rules and regulations of EFi are entitled to receive such payments and the payments shall be carried out in the manner provided in such Acts and regulations.

9.2 Except as otherwise provided in these Terms and Conditions, if a payment is due on a day which is not a Business Day, the due date for that payment shall instead be the following Business Day and the relevant Holder shall not be entitled to any interest or other sums in respect of such postponed payment.

9.3 If both the principal amount and interest are due and payable and the available funds are insufficient to discharge all the amounts due and payable, the available funds shall first be applied towards payment of interest and secondly, towards payment of the principal amount and shall be applied pro rata among the Holders.

9.4 Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Clause 8 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations or agreements thereunder or official interpretations thereof), or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement) (collectively, “**FATCA**”).

10. DEFAULT INTEREST

If the Issuer fails to pay any amount due in accordance with these Terms and Conditions, the Issuer shall, for the period commencing on the date such payment was due and ending on the date of actual payment, pay default interest on the overdue amount at a rate corresponding to the average of one (1) week EURIBOR during the delay plus two (2) percentage units. EURIBOR shall be determined on the first Business Day of each week during the delay. Default interest shall however, subject to Clause 10.2 below, never be less than the Interest Rate plus two (2) percentage units or if Clause 6.3 (*Minority Dividend*) or Clause 7.7 (*Change of Control*) applies not less than the Interest Rate plus seven (7) percentage units. Accrued default interest shall not be capitalised.

If the delay is due to an existence of an obstacle for any, one of, the Calculation Agent or EFi, respectively, referred to in Clause 18.1 (*Limitation of Liability*), the default interest shall not accrue nor become payable.

11. PRESCRIPTION

The right to receive payment in respect of principal and interest on the Capital Securities will become void, in respect of principal, three (3) years from the relevant Redemption Date and, in respect of interest, three (3) years from the relevant Interest Payment Date or the relevant Deferred Interest Payment Date on which interest was due.

12. ENFORCEMENT EVENTS

There are no events of default in respect of the Capital Securities.

However, if proceedings are commenced for the dissolution, bankruptcy or liquidation of the Issuer, or a court or agency or supervisory authority in Finland (having jurisdiction in respect of the same) shall have instituted a proceeding or entered a decree of order for the appointment of a bankruptcy administrator or liquidator in any bankruptcy or liquidation of the Issuer, and such proceedings, decree or order shall not have been vacated or shall have remained in force, undischarged or unstayed for a period of thirty (30) days, each Holder may (i) give notice to the Issuer that the Capital Securities are, and they shall accordingly forthwith become, immediately due and repayable at their principal amount, together with Accrued Interest and (ii) institute steps in order to obtain a judgement against the Issuer for any amounts due in respect of the Capital Securities if the Issuer is declared bankrupt or put into liquidation by a competent court.

For the avoidance of doubt, the above shall not apply to the institution of, or petition for, a corporate reorganisation.

If default is made in the payment of any principal or interest (as referred to in Clause 6.2 (*Compulsory Interest Payment*)) which has become due and payable in respect of the Capital Securities, each Holder may institute such steps as it considers desirable with a view to obtaining a judgement against the Issuer for any amounts due or having the Issuer declared bankrupt, put into liquidation or subjected to a company reorganisation, if such steps are available under applicable law. The Holder shall not be able to declare the principal amount of the Capital Securities due and repayable by reason of any such payment default in respect of interest.

No remedy against the Issuer, other than as provided above or proving or claiming in the bankruptcy, liquidation or company reorganisation of the Issuer in Finland or elsewhere, shall be available to the Holders, whether for the recovery of amounts owing in respect of the Capital Securities or in respect of any breach by the Issuer of any of its obligations or undertakings with respect to the Capital Securities.

13. HOLDERS’ MEETING

13.1 The Issuer shall, upon the written request of Holders holding not less than one-tenth of the Adjusted Nominal Amount at the time of the request, convene a Holders’ Meeting. The Holder’s Meeting shall be held at a venue determined by the Issuer provided that the venue shall be in Helsinki, Finland.

13.2 The Issuer, the Holders, EFi and the Calculation Agent shall be given notice to attend a Holders’ Meeting at least ten (10) Business Days before such meeting. The notice to attend shall be given in accordance with

Clause 14 (*Notices*) and it shall contain (i) the time and venue for the meeting and (ii) an agenda of the matters to be addressed and, as the case may be, resolved, at the meeting. No other matters than those referred to in the notice to attend may be resolved upon. The notice to attend shall specifically address that Holders of Capital Securities registered with a nominee shall register their right to vote separately in order to be capable of casting votes at the meeting.

13.3 Representatives of the Holders, the Calculation Agent and the Issuer and their respective proxies and advisers, and, in the case of the Issuer, directors, the chief executive officer and other higher officers and external auditors of the Issuer, may attend a Holders' Meeting.

13.4 The Issuer shall appoint the chairman of the meeting, unless otherwise decided by the Holders' Meeting. The chairman shall prepare a list of present Holders setting out the proportion of the Adjusted Nominal Amount each Holder represents ("**Voting Register**"). The Voting Register shall be approved by the Holders' Meeting. Only those who, according to the register kept by EFi in respect of the Capital Securities, were Holders on the fifth (5^{th}) Business Day prior to the Holders' Meeting, or proxies authorised by such Holders, shall, if holding any Adjusted Nominal Amount at the time of the meeting, be entitled to vote at the meeting and shall be registered in the Voting Register.

13.5 The chairman shall ensure that minutes are kept at the Holders' Meeting. The chairman shall record the date and place of the Holders' Meeting as well as resolutions adopted by the Holders' Meeting and results of voting. The Voting Register shall be incorporated in, or be attached to, the minutes. The minutes shall be signed by the keeper of the minutes. The minutes shall be attested by the chairman of the meeting, where the chairman has not kept the minutes, and by at least one Holder appointed by the meeting to attest the minutes. The minutes shall thereafter be provided to the Holders no later than seven (7) Business Days after the meeting. New or amended Terms and Conditions shall be attached to the minutes and be provided by the Issuer to EFi. The minutes shall be safely kept by the Issuer.

13.6 The Holders' Meeting is quorate if Holders representing not less than one fifth ($1/5^{th}$) of the Adjusted Nominal Amount are present. However, in relation to resolutions in relation to the following matters (an "**Extraordinary Resolution**"), Holders representing not less than one half (1/2) of the Adjusted Nominal Amount form a quorum:

(a) approving a change of a Reset Date, Redemption Date or Interest Payment Date or any other terms relating to interest, reduction or cancellation of the amount payable and change of the currency in which payments under the Capital Securities are to be made;

(b) approving a substitution of the Issuer; and

(c) amendment to this Clause 13.

However, any amendment to these Terms and Conditions (including substitution of the Issuer) shall be made in accordance with the Clause 15 (*Amendments*).

13.7 If within thirty (30) minutes after the time appointed for any Holders' Meeting a quorum is not present, the meeting shall stand adjourned to the same day in the next week or, if such day is not a Business Day, the following Business Day. The Issuer shall as soon as possible thereafter notify the Holders thereof. When an adjourned Holders' Meeting resumes, the Holders' Meeting shall, if Holders representing not less than one tenth ($1/10^{th}$) of the Adjusted Nominal Amount are present, be deemed quorate and resolutions may, also in respect of Extraordinary Resolutions, be adopted by a simple majority of the votes cast.

13.8 Resolutions at Holders' Meetings shall be adopted by way of voting. Each Holder entitled to vote shall have one (1) vote for each Nominal Amount of the Capital Security held by it. The Issuer and any Group Company shall not hold voting rights at the Holders' Meeting. In the event of a tied vote, the chairman shall have the casting vote. An Extraordinary Resolution shall, subject to 13.7, be valid only where supported by Holders representing not less than three-fourths ($3/4^{th}$) of the votes cast at the Holders' Meeting. In all other matters (including but not limited to actions to be taken upon an Event of Default), resolutions by the Holders' Meeting by shall be adopted by a simple majority of the votes cast.

13.9 Resolutions adopted at a duly convened and held Holders' Meeting shall be binding on all Holders, whether or not present at the Holders' Meeting and whether or not supporting the resolutions. A Holder who has supported a resolution at a Holders' Meeting shall not be held responsible for any damage such resolution may cause to another Holder.

13.10 The Issuer shall reimburse all actual out-of-pocket costs and expenses incurred by the Calculation Agent and EFi in connection with a Holders' Meeting, regardless of who requested the meeting.

14. NOTICES

14.1 Notices concerning the Capital Securities (including calling Holders' Meetings) shall be published in a Finnish daily newspaper of national coverage selected by the Issuer.

14.2 In addition to and alternatively to the procedure described in Clause 14.1 above, the Issuer may deliver notices concerning the Capital Securities in writing directly to Holders.

14.3 Notices (including requests for Holders' Meetings) shall be given to Danske Bank Oyj at the following address, or any substitute address notified to the Holders:

Danske Bank Oyj

Hiililaiturinkuja 2

FI-00180 Helsinki, Finland

Attention: Debt Capital Markets

15. AMENDMENTS

15.1 All amendments to these Terms and Conditions (including without limitation to those set forth in Clause 13 (*Holders' Meeting*)) with binding effect for all Holders, the Calculation Agent and the Issuer are possible only provided that such amendment has been duly approved by the Issuer and a Holders' Meeting in accordance with Clause 13 (*Holders' Meeting*) or all Holders and the Issuer otherwise agree to such amendment.

15.2 Notwithstanding the foregoing, the Calculation Agent and the Issuer may, however, without the consent of the Holders, agree on (i) the replacement of the Calculation Agent or (ii) to any amendment of these Terms and Conditions which is of a formal, minor or technical nature or which is made to correct a clear and manifest error.

15.3 The latest version of these Terms and Conditions (including any document amending these Terms and Conditions) shall be available on the website of the Issuer as part of the listing prospectus or, where applicable, separately.

16. FURTHER ISSUES AND LISTING

16.1 The Issuer shall, from time to time and without the consent of the Holders, have the right to create and issue further capital securities ranking *pari passu* in all respects and having the same terms and conditions as the Capital Securities, other than the amount and date of first payment of interest thereon, and so that the same shall be consolidated and form a single series with the outstanding Capital Securities.

16.2 The Issuer shall apply for listing of the Capital Securities and any such further capital securities on the stock exchange list of NASDAQ OMX Helsinki Ltd.

17. NOMINEE REGISTRATION AND RIGHT TO INFORMATION

In respect of Capital Securities registered in the name of a nominee, the Act on the Book-Entry System and the Act on Book-Entry Accounts and the rules and regulations of EFi shall apply to the extent not validly otherwise provided in these Terms and Conditions. Notwithstanding any secrecy obligation, the Issuer shall, subject to the regulations of EFi and applicable laws, be entitled to obtain information of Holders from EFi and EFi shall be entitled to provide such information to the Issuer. The Issuer shall at the request of the Calculation Agent pass on such information to the Calculation Agent.

18. LIMITATION OF LIABILITY

18.1 None of the Issuer, the Calculation Agent and EFi (each a "**Protected Party**") shall be held responsible for any damage arising out of any Finnish or foreign legal enactment, or any measure undertaken by a Finnish or foreign public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance. The reservation in respect of strikes, lockouts, boycotts and blockades applies even if a Protected Party takes such measures, or is subject to such measures.

18.2 Any damage that may arise in other cases shall not be compensated by any Protected Party if it has observed customary care. No Protected Party shall in any case be held responsible for any indirect damage, consequential damage and/or loss of profit.

18.3 Should there be an obstacle as described above for a Protected Party to take any action in compliance with these Terms and Conditions, such action may be postponed until the obstacle has been removed.

18.4 The provisions in this Clause 18 apply unless they are inconsistent with the provisions of the Act on the Book-Entry System and Clearing Operations, the Act on Book-Entry Accounts and the rules and regulations of EFi, which provisions shall prevail.

19. GOVERNING LAW AND JURISDICTION

19.1 These Terms and Conditions shall be governed by and construed in accordance with Finnish law.

19.2 The courts of Finland, with the District Court of Helsinki (*Helsingin käräjäoikeus*) as the court of first instance, shall have non-exclusive jurisdiction in relation to any dispute arising out of or in connection with these Terms and Conditions or the Capital Securities (including a dispute regarding the existence, validity or termination of these Terms and Conditions or the Capital Securities).

20. ISIN CODE

20.1 The ISIN code of the Capital Securities is FI4000176300.

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We hereby certify that the above Terms and Conditions are binding upon the Issuer.

Helsinki, 1 October 2015

Finnair Plc

ANNEX B: ADDITIONAL INFORMATION ON THE ISSUE OF THE CAPITAL SECURITIES

Decisions and authorisations:	Decision of the Board of Directors of the Issuer dated 20 September 2015.
Type of the Issue:	Individual issue of unsecured and subordinated Capital Securities of the Issuer. The aggregate nominal amount of the Capital Securities (EUR 200,000,000) is proposed to be issued on 13 October 2015.
Estimated costs of the Issue and Listing:	Approximately EUR 2 million.
Interests of the Joint Lead Managers:	Business interest customary in the financial markets.
Form of Capital Securities:	Dematerialised securities issued in book-entry form in the book-entry system maintained by Euroclear Finland. No physical securities or other document of title will be issued in respect of the Capital Securities. The Capital Securities may be held by Holders directly through book-entry accounts with Euroclear Finland. As chosen by a non-Finnish Holder, the Capital Securities may alternatively be held on the nominee book-entry accounts of a licensed book-entry account holder, such as Euroclear and Clearstream.
Depository and Settlement System:	Euroclear Finland, address Urho Kekkosen katu 5C, FI-00100, Helsinki, Finland, Infinity system of Euroclear Finland.
Listing:	Application has been made for the Capital Securities to be admitted to public trading on the Helsinki Stock Exchange, and the Listing is expected to take place on or about 13 October 2015.
Interest:	The Capital Securities bear interest on their outstanding principal amount (i) at the Initial Fixed Interest Rate from and including the Issue Date to but excluding the First Reset Date and (ii) at the Prevailing Fixed Interest Rate from and including the First Reset Date, subject to Clauses 6.3 (*Minority Dividend*) and 7 (*Redemption and Purchase*). The interest rate of the Capital Securities shall be increased in the case of a Minority Dividend or, in certain circumstances, a Change of Control. See, respectively, Clauses 6.3. (*Minority Dividend*) and 7.7. (*Change of Control*) of Annex A:"*Terms and Conditions of the Capital Securities*".
Yield:	The yield of the Capital Securities is 7.875 per cent per annum from the Issue Date to the First Reset Date. The yield is calculated on the basis of the Issue Price and assumes no deferral of interest or increase in the interest rate due to a Change of Control. It is not an indication of future yield.
ISIN Code of the Capital Securities:	FI4000176300.
Paying Agent:	Danske Bank Oyj.

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