

ANNUAL REPORT OF THE BOARD OF DIRECTORS

Fennovoima Oy is an energy company founded in 2007. The purpose of the company is to build new nuclear energy production capacity in Finland and to produce reasonably priced electricity for its shareholders. Fennovoima operates on cost price principle. The shareholders are entitled to the electricity produced at Fennovoima's plant at cost price in proportion to their share in the company. Under this principle, Fennovoima's shareholders are also responsible to carry all the company's costs incurred in the nuclear energy production as defined in the Articles of Association.

A positive Decision-in-Principle from the government is required for constructing a new nuclear power plant in Finland. The government decision must be ratified by the Parliament. Fennovoima has submitted its application for a Decision-in-Principle and all the appendices required. The company has also made technical planning and preparations for the plant purchasing. In addition, Fennovoima has planned and made preparations for the contracting and construction phases of the project.

Fennovoima's headquarters is located in Helsinki. The company has local offices in Pyhäjoki and Simo, the two alternative locations for the nuclear power plant.

Financial status

The company had no turnover in 2009. The loss for the financial period was EUR 11.8 million (EUR 9.2 million in 2008).

The total assets were EUR 4.9 million (EUR 7.8 million) and the equity ratio was 50 % (81 %). Fennovoima does not have any long-term liabilities or other interest bearing debt. The balance sheet of the company is solid and its solvency is good.

The Board of Directors proposes that the loss will be entered to the profit/loss account and that no dividends are distributed.

Administration and management

Fennovoima's Annual General Meeting was held on April 15, 2009. The meeting re-elected Juha Rantanen (Chairman), Jari Annala, Håkan Buskhe, Henry Fagerström, Ralf Güldner, Pertti Laukkanen, Harri Natunen, Pekka Rantanen and Stefan Storholm as regular members of the Board of Directors. Johan Ahlgren, Mikko Rintamäki and Antti Vilkuna were re-elected as deputy members of the Board of Directors.

The CEO of the company during the 2009 financial period was Tapio Saarenpää.

The company auditors were PriceWaterhouseCoopers Oy, Authorized Public Accountants, with Juha Tuomala, Authorised Public Accountant, acting as the principal auditor.

Group structure

Voimaosakeyhtiö SF (66%) and E.ON Kärnkraft Finland AB (34%) were Fennovoima's owners at the end of the financial period 2009. Fennovoima Oy is a part of the Voimaosakeyhtiö SF group.

E.ON Nordic AB transferred all its 544 Fennovoima shares to E.ON Kärnkraft Finland AB in December 2009. E.ON Kärnkraft Finland AB is a Finnish company established in 2009 and it is a part of the E.ON AG group.

As a part of the share transaction all Fennovoima related rights and obligations of E.ON Nordic AB were transferred to E.ON Kärnkraft Finland AB.

Shares and share issues

Fennovoima has one series of shares. All shares are equal in terms of voting right. At the end of the financial period the number of shares was 1,600. The number of shares was not altered during the financial period.

During the financial period the Board of Directors decided on three separate share capital investments. In two of these investments that were carried out in 2009, the total increase of the share capital was EUR 0.8 million. The shareholders invested in addition a total of EUR 7.2 million into the free invested equity reserve. In accordance with the Board decision, the third share capital investment was carried out in March 2010. The share capital was then increased by EUR 0.5 million and EUR 4.3 million was added to the free invested equity reserve.

Relevant events during the financial period 2009

Fennovoima submitted its Decision-in-Principle application regarding the construction of a nuclear power plant in Finland to the Government on January 14, 2009 in accordance with the Nuclear Energy Act. In its application Fennovoima presents three alternative power plants and three possible locations for the plant. The Environmental Impact Assessment was submitted as an appendix of the application. The additional environmental studies required in accordance with the Nuclear Energy Decree were submitted to the Ministry of Employment and the Economy on April 30, 2009 and October 30, 2009.

As a part of the Decision-in-Principle process, the Ministry of Employment and the Economy requested statements, in accordance with the Nuclear Energy Act, from numerous instances, for example from the alternative site location municipalities. The municipal councils of the alternative municipalities gave their positive statements regarding the Fennovoima project in May and June 2009. The Ministry of Environment gave its positive statement in December 2009. The Finnish Radiation and Nuclear Safety Authority STUK published its preliminary safety assessment regarding Fennovoima's project on October 20, 2009. According to the STUK statement, Fennovoima fulfils the requirements for constructing a nuclear power plant in Finland safely and in accordance with the Nuclear Energy Act. STUK assessed for instance Fennovoima's alternative plant locations and types, as well as the organization of the company and its quality management.

Land use planning changes required for the construction of the plant proceeded as planned at all land use planning levels on all alternative site locations. Negotiations concerning the technical solutions and implementation of the project were carried out with potential plant suppliers.

On December 11, 2009 Fennovoima made an additional clarification to its Decision-in-Principle application when it limited the number of alternative locations to two municipalities, Pyhäjoki and Simo located in Northern Finland.

Scope of the Research and Development activities

During the financial period, Fennovoima has carried out significant research and development activities. The costs for R & D were EUR 4.1 million (EUR 3.9 million) which is 35% (42%) of the company's total costs during the financial period.

The key R & D projects were related specifically to feasibility studies of the power plant and the location alternatives, environmental studies and other technical studies. The R & D projects continue partly during the

financial period 2010. The results of the studies are expected to be essential for the future operations of the company and implementing the nuclear power plant project.

The R & D costs were not capitalized in the company balance sheet during the financial period.

Relevant events after the end of the financial period

On April 21, 2010 the Finnish Government informed that it has defined its policy on applications submitted to it concerning the Decision-in-Principles for constructing nuclear power plants. According to the policy, the Government will make a positive Decision-in-Principle regarding Fennovoima's application.

Outlook for 2010

The company is not expected to generate turnover in the near future and therefore, the company will continue to operate at a loss. During the financial period 2010, the costs and losses are expected to be of same order of magnitude as during the financial period 2009.

The company does not expect to make any significant investments during the financial period 2010.