

TVO confirms a settlement agreement signed on OL3 EPR project completion and related disputes

Teollisuuden Voima Oyj (TVO) notes information that has been made public and confirms that it has signed a comprehensive settlement agreement with Olkiluoto 3 EPR (OL3 EPR) plant supplier consortium companies Areva NP, Areva GmbH and Siemens AG as well as with Areva Group parent company Areva SA, a company wholly owned by the French State. The settlement agreement concerns the completion of the OL3 EPR project and related disputes. The entry into force of the settlement agreement is subject to certain conditions that are currently expected to be met during March 2018. It is not certain, therefore, that the settlement agreement takes effect.

The settlement agreement stipulates that:

- In order to provide and maintain adequate and competent technical and human resources for the completion of the OL3 EPR project, Areva will source the necessary additional resources from Framatome S.A.S., whose majority owner is Electricité de France (EDF).
- The supplier consortium companies undertake that the funds dedicated to the completion of the OL3 EPR project will be adequate and will cover all applicable guarantee periods, including setting up a trust mechanism funded by Areva companies to secure the financing of the costs of completion of the OL3 EPR project.
- The International Chamber of Commerce (ICC) arbitration concerning the costs and losses caused by the delay of the OL3 EPR project is settled by financial compensation of EUR 450 million to be paid to TVO in two installments by the supplier consortium companies.
- The parties withdraw all on-going legal actions related to OL3 EPR, including the ICC arbitration.
- The supplier consortium companies are entitled to receive an incentive payment, in a maximum amount of EUR 150 million, upon timely completion of the OL3 EPR project. In the event that the supplier consortium companies fail to complete the OL3 EPR project by the end of 2019, they will pay a penalty to TVO for such delay in an amount which will depend on the actual time of completion of the OL3 EPR project and may not exceed EUR 400 million.
- The turnkey principle of the OL3 EPR plant contract and the joint and several liability of the supplier consortium companies remain in full force.

Teollisuuden Voima Oyj has produced electricity for its shareholders, Finnish industrial and energy companies, safely and reliably for nearly 40 years. Nuclear electricity generated at TVO's Olkiluoto plant covers approximately one sixth, increasing to nearly one third once Olkiluoto 3 EPR is completed, of the electricity consumption in Finland. Climate-friendly nuclear electricity not only benefits society but also reduces the environmental impact of energy production. Moreover, the world's first final disposal facility for spent nuclear fuel is under construction in Olkiluoto.

The agreement also notes the plant supplier's most recent schedule according to which regular electricity production in the unit will commence in May 2019.

- TVO welcomes the agreement which ensures that the OL3 EPR project continues to have the necessary financial, technical and human resources for the completion and successful start-up of the plant and also settles other outstanding issues. We very much look forward to working closely with our partners to fully implement this agreement and to promptly accomplish the several crucial project steps leading to the start of regular electricity production of the unit, says **Jarmo Tanhua**, President and CEO of TVO.

Based on the current OL3 EPR project schedule provided by the plant supplier, TVO's current capital expenditure assumptions and the effect of the settlement agreement, TVO estimates its total investment in OL3 EPR to be around EUR 5.5 billion.

TVO expects to receive the first payment of EUR 328 million of the settlement amount in March 2018 once the settlement agreement has become effective. The second payment of EUR 122 million is payable upon completion of the OL3 EPR project or, in any event, on 31 December 2019 at the latest. TVO expects to make a provision of EUR 150 million reflecting the maximum amount of the incentive payment payable to the supplier consortium companies for timely completion of the OL3 EPR project. These settlement payments to TVO, any incentive payment by TVO and any penalty payable to TVO due to any additional project delay will all be taken into account in calculating the final cost of the OL3 EPR project.

TVO procured Olkiluoto 3 EPR as a fixed-price turn-key project from a consortium formed by Areva GmbH, Areva NP SAS and Siemens AG. As stipulated in the plant contract, the supplier consortium companies have joint and several liability for the contractual obligations. According to the schedule updated by the plant supplier in October 2017, regular electricity production in the unit will commence in May 2019.

Further information:

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