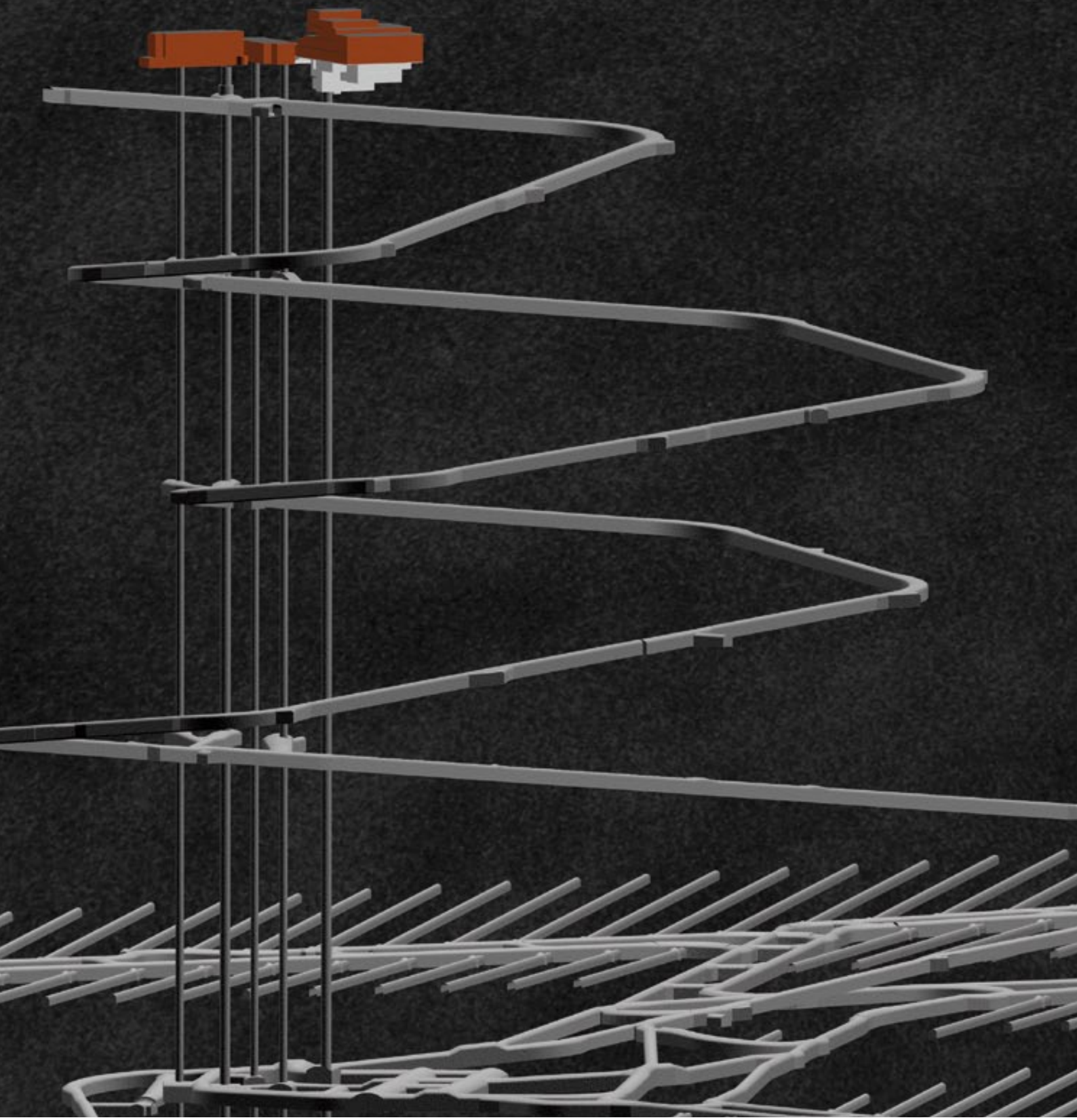
POSIVA



Annual Report 2009

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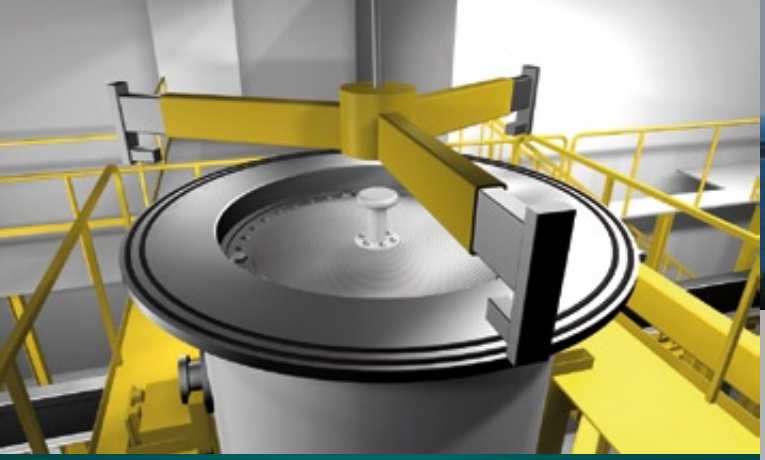


Posiva and nuclear waste management

Under the Nuclear Energy Act, the producer of nuclear waste is responsible for all required nuclear waste management measures and the associated costs. Teollisuuden Voima Oyj (TVO) and Fortum Power and Heat Oy, being parties under the waste management obligation, established Posiva Oy in 1995 to handle the disposal of spent nuclear fuel generated by its shareholder companies.

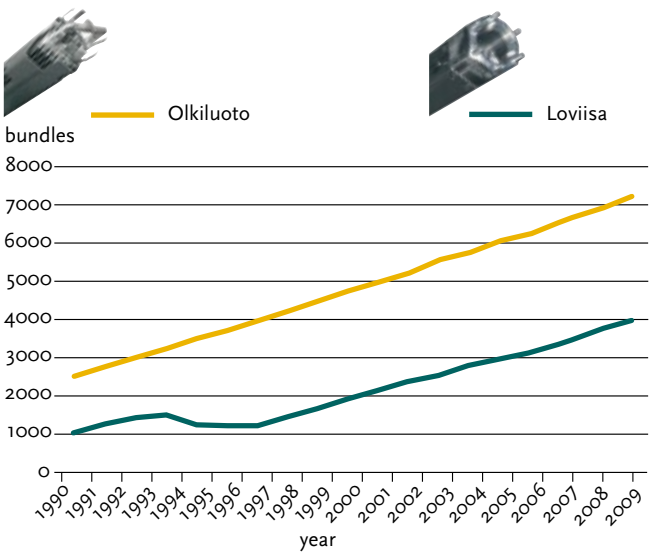
In the first stage, the company's tasks involve the performance of research, technical development and design work aimed at disposal. Later, the company will assume the responsibility for the construction of the disposal facility and its operation until the closing of the facility. Posiva is also responsible for establishing and maintaining communication with the authorities relevant to the performance of its tasks as well as acquiring the required permits for the facilities it constructs and operates. The responsibilities associated with nuclear waste management remained unchanged after the establishment of Posiva. TVO and Fortum are still responsible for all the spent fuel they produce.

According to the decision-in-principle ratified by the Finnish Parliament in 2001, the spent nuclear fuel produced in the four current plant units of TVO and Fortum will be finally disposed of in Olkiluoto, Eurajoki. A further decision-in-principle was given in 2002 regarding the construction of the final disposal facility in expanded form so that it would also accommodate the spent fuel from the OL3 plant unit currently under construction. The currently valid decisions-in-principle allow for the final disposal of a total of 6,500 tonnes of spent uranium nuclear fuel. During 2008 and 2009, Posiva submitted applications for decisions-in-principle to the Government regarding the expansion of the final disposal facility to accommodate the spent fuel from the possible Olkiluoto 4 and Loviisa 3 units – a total of 12,000 tonnes of uranium.

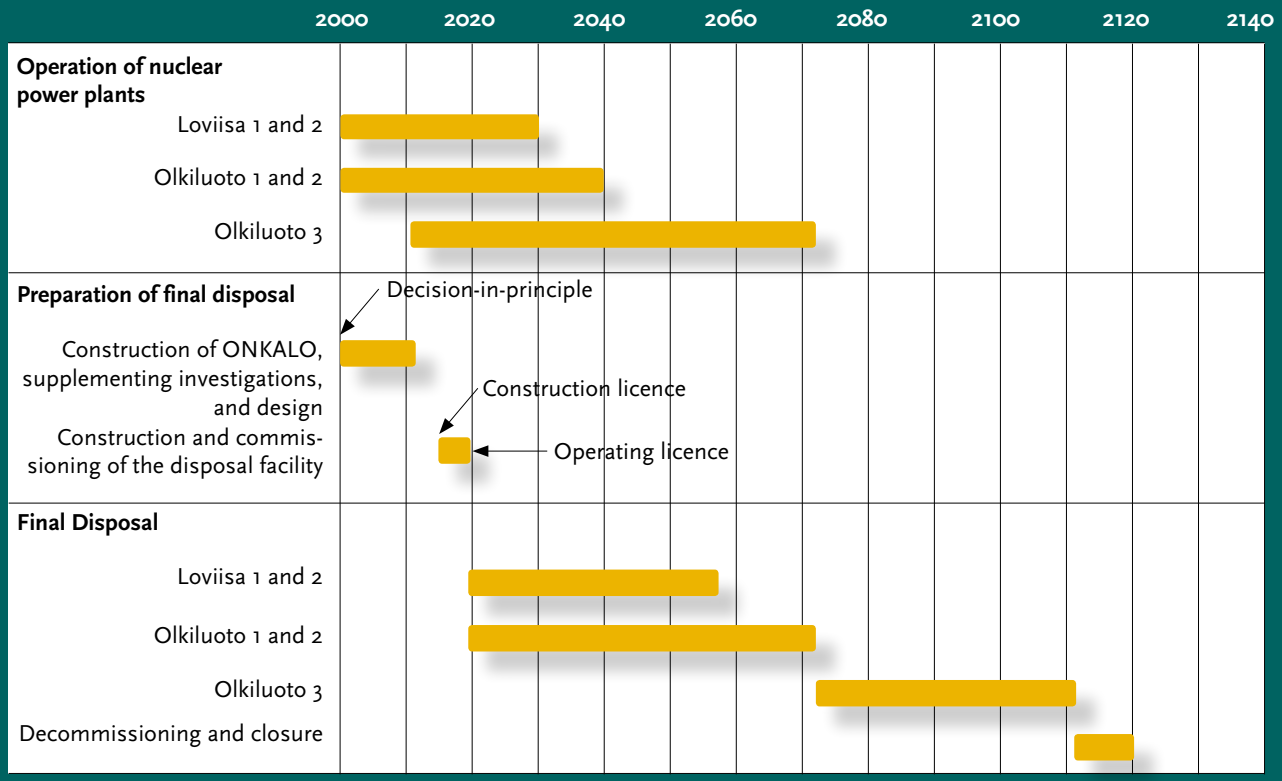
Posiva is preparing to submit the application for the construction licence for a disposal facility in 2012. For the purpose of assessing its preparedness for a construction licence, Posiva has during the reported year submitted the relevant reports to public authorities, the Ministry of Employment and the Economy (TEM) and the Radiation and Nuclear Safety Authority (STUK). They demonstrate the degree to which the documentation required for the construction licence application has been completed and in which respects it is to be supplemented in the coming years.

The final disposal operations are scheduled to commence in 2020. Before that, the temporary storage of spent fuel takes place on the power plant sites. At the end of 2009, the total quantity of spent nuclear fuel in intermediate storage was 1,255 uranium tons at the Olkiluoto NPP and 477 uranium tons at the Loviisa plant.

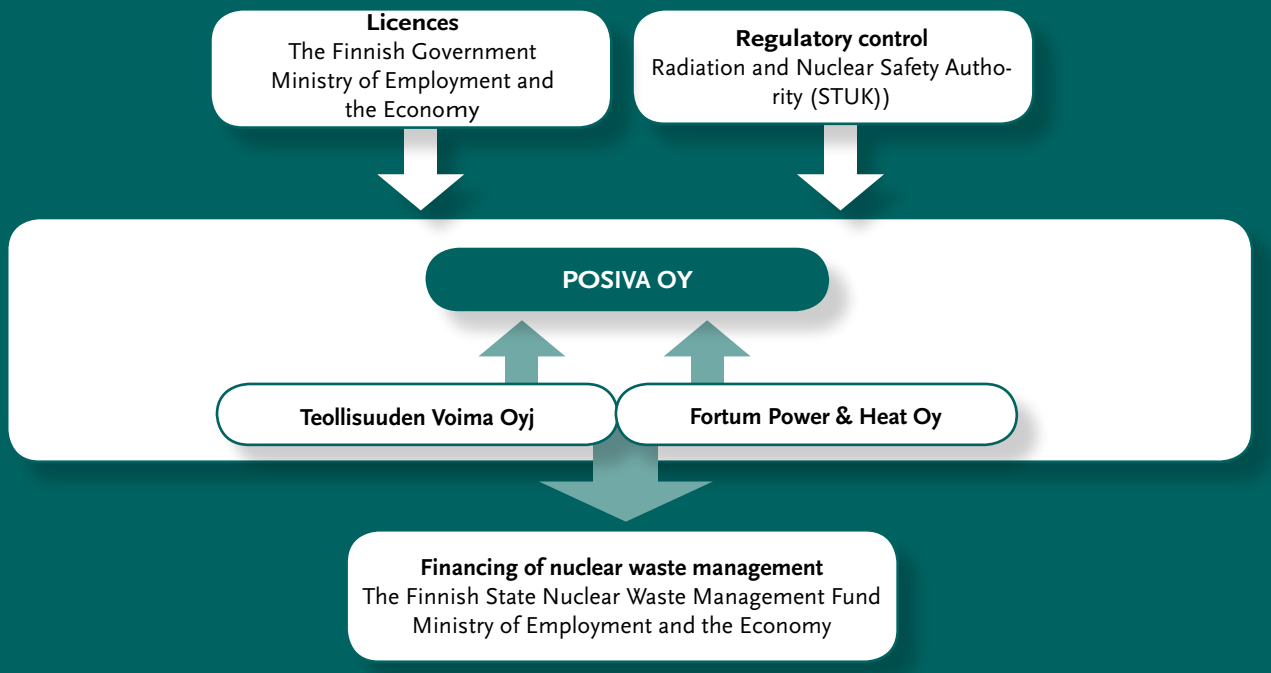
Quantity of spent fuel



General Time Schedule for Final Disposal



Organisation of nuclear waste management



President's review

For Posiva, 2009 was a challenging year and, above all, full of activity. The EIA procedure required for expanding Posiva's disposal facility to accommodate the spent fuel generated by Fortum Oyj's Loviisa 3 plant unit and the matters related to the application for the decision-in-principle regarding the expansion of the disposal facility to accommodate the spent fuel generated by Teollisuuden Voima Oyj's Olkiluoto 4 plant unit were both completed early in the year. In addition, an application for a decision-in-principle regarding the disposal of spent fuel generated by the Loviisa 3 plant unit was prepared for the purpose of expanding Posiva's disposal facility.

The third successive research, technical design and development programme for nuclear waste management, a report entitled TKS 2009 and comprising 530 pages, was for the first time prepared in compliance with the revised Nuclear Energy Act. Nearly all of Posiva's personnel participated in preparing the report together with many external experts, both Finnish and foreign. The work was completed as planned, and Fortum and TVO, the companies with the nuclear waste management obligation, submitted the programme to the Ministry of Employment and the Economy at the end of September. The TKS programme for the next three years will focus on the preparation of a construction licence application for the encapsulation plant and disposal facility in Olkiluoto by the end of 2012.

At the end of September, a report on Posiva's capabilities for submitting pre-licensing documentation for the construction license application in 2012 was submitted to the ministry in compliance with its decision of 2003. In addition to that, draft versions of the other documents to be attached to the licence application were submitted to the Radiation and Nuclear Safety Authority for advance assessment. The good degree of completion of the preliminary documentation demonstrates that Posiva is making steady progress in line with the schedule set towards the construction licence phase and construction according to plans.

Posiva expects the authorities to issue their statements during 2010 regarding the submitted documentation. An extensive dialogue has already been initiated between Posiva and STUK regarding the long-term performance of disposal systems as well as the safety issues related to disposal and the associated level of knowledge. The purpose of this dialogue is to focus research and development efforts with maximum efficiency to thoroughly studying the areas where uncertainties are still deemed to exist.

The technical plans regarding the encapsulation plant and disposal facility were completed and reported at the end of the year. The technical plans were published as a plant description document presenting the structural solutions and operating activities of the plant all the way to its decommissioning phase. The new plant plans were also used as the basis for updating the total cost estimate regarding the disposal of spent nuclear fuel.

The work for developing the disposal solution has continued in line with the long-term programme. A significant part of the work under this programme is carried out in co-operation with the Swedish disposal company SKB (Svensk Kärnbränslehantering Ab). The plans of Posiva and SKB are based on a uniform disposal solution entitled KBS-3.

Some concerns have been expressed in public regarding the uncertainties in the safety of disposal caused by, for example, ice ages, and permafrost in particular, and by clean water-induced copper corrosion. Posiva has taken these matters into account when determining the studies to be undertaken as well as the scientific and technical basis for the plans for achieving long-term safety.

Eero Patrakka, the second President in Posiva's history, retired from his position on 1 July 2009. During Patrakka's term in office, Posiva's operations took their present

shape, the organization was strengthened, the full-scale construction work of ONKALO began, and research work in actual disposal conditions became possible. The path established by Eero Patrakka provides an excellent way forward.

Posiva is a global pioneer in the disposal of spent nuclear fuel. In addition to Posiva, a decision on the schedule and implementation solution for final disposal has only been taken in France. SKB of Sweden decided in the autumn 2009 that its disposal facility will be built in the municipality of Östhammar, where the Forsmark plant units are located. The encapsulation plant will be located in the same locality with the Oskarshamn plant. The final governmental approval in Sweden will be granted when the construction licence is issued. The schedules in Sweden and France run a few years behind Posiva's. The licensing process for nuclear facilities in Finland is a good example of how the issuance of operating licences for NPP units and the implementation of disposal are linked.

The operations in compliance with the schedule set in 1983 by the Government for final disposal as well as the position of a global pioneer have placed stringent requirements on expertise and required open-minded hard work as well as a high degree of commitment and work-related ethics in order to achieve the goals set. I wish to extend my warmest thanks for these efforts to all Posiva personnel, external experts and other involved parties.

Reijo Sundell
President
Posiva Oy

The Board of Directors' Report 2009

Major events

Application for a decision-in-principle regarding the extension of the disposal facility to accommodate 12,000 tons of uranium

On 13 March, Posiva submitted its application to the Government regarding an extension of the Olkiluoto disposal facility to accommodate the spent fuel generated at the Loviisa 3 unit planned by Fortum. After the expansion, the total capacity of the disposal facility would be 12,000 tU of spent nuclear fuel. The quantity includes the spent fuel generated at the existing NPP units, the Olkiluoto 3 unit (OL3) now under construction as well as the Olkiluoto 4 and Loviisa 3 units now being planned.

The ONKALO tunnel now past the four kilometre length

The access tunnel of ONKALO being quarried in the bedrock progressed four kilometres, almost to a depth of 400 metres. The planned disposal depth of –420 metres will be reached early in 2010. Then, one focus area will be the application of quarrying techniques and procedures on the repository facilities.

The ONKALO-related construction work above ground involved starting the civil engineering work in preparation for constructing the ventilation and hoisting equipment buildings in late November. The ventilation and hoisting equipment buildings will be completed during 2011, and ONKALO will later be ventilated through it.

The TKS-2009 programme was completed

The TKS-2009 programme produced by Posiva and providing guidelines for the research, development and planning work on disposal of spent nuclear fuel was submitted to the Ministry of Employment and the Economy and the Radiation and Nuclear Safety Authority in the autumn. The programme report describes the research, development and planning activities that will take place during the next three years and be aimed at producing the capabilities and documentation required for the construction licence application for the disposal facility to be submitted in 2012. In addition to the TKS-2009 programme, the preliminary documentation for the construction licence process (report on preparedness to submit the construction licence application) was submitted to the authorities. The documentation demonstrates the current state of completion of the reports required for the construction licence application and the areas in which this documentation still needs to be supplemented.

Posiva promotes technological co-operation in the disposal of spent nuclear fuel in Europe

A new Technology Platform for Implementing Geological Disposal (IGD-TP) was established by the European Commission to speed up the disposal programmes for high-level and long-lived nuclear waste. The organizations responsible for implementing nuclear waste management in different European countries are behind the Technology Platform, and both Posiva and SKB of Sweden had central roles in its preparation. The objective of the Platform is to intensify closer co-operation in order to promote the initiation of construction projects for disposal facilities for long-lived nuclear waste in several European countries – besides Finland, Sweden and France – that are deploying nuclear energy. The target schedule of these new projects is the beginning of disposal operations in 2025.

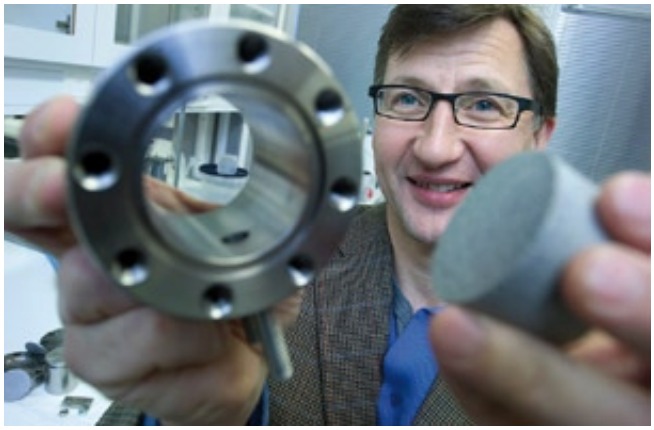
2009

Research and investigations

The site verification surveys in Olkiluoto are approaching their completion. The quarrying of ONKALO has progressed roughly to a depth of 400 metres, and underground studies can now be directly focused on the bedrock inside which the fuel bundles are to be deposited. The characterization of the disposal bedrock is still largely based on geological mapping, hydraulic and rock-mechanical measurements and chemical sampling, but as the disposal depth approaches, the focus will increasingly be on separate tests and measurements performed in investigation niches. Their purpose is to verify the results regarding the chemical and hydraulic properties of the bedrock essential to long-term safety. A separate plan (the ReRoc programme) was prepared early in the year for the final phase of verification studies.

Before submitting the construction licence application, the entire procedure for determining the locations of deposition tunnels and holes and for quarrying them will also be subjected to practical tests. A preliminary report on the bedrock criteria forming the basis for the procedure, the Rock Suitability Criteria (RSC), was published early in the year.

The work for preparing the Safety Case continues in line with the plan published in 2008. The Safety Case consists of a set of reports intended for demonstrating that the knowledge accumulated so far is sufficient for the reliable assessment of long-term safety and that the chosen disposal method will achieve the level of safety required by the authorities. During the year, the main focus has been on the preparation of a preliminary report on the models and input data of the Safety Case and of a summary of the reports produced so far regarding long-term safety. Another work of considerable magnitude was that of planning the research activities in support of the Safety Case for 2010–2012. The planned activities are described in detail in the TKS-2009 programme currently undergoing scrutiny by the authorities. However, the focal areas of activities have already been extensively discussed with the Radiation and Nuclear Safety Authority when the programme was being prepared. The purpose of this dialogue was to ensure that the work to be carried out in the future is optimally targeted at studying the matters central to safety.



Final disposal technology

The planning material for the encapsulation plant and disposal facility was reported in 2009. The plans describe, in closer detail than before, the structure of the plant and its operating activities all the way to its scheduled closure. Assessing the safety of operating activities is part of the planning and design work. A summary report of the plans, entitled Facility Description 2009, was published at the end of the year. The plans were also used as the basis for updating the estimated investment and operating costs of the plant throughout its scheduled life span. The sizing of disposal operations and facilities is based on the quantity of spent fuel accumulated by the existing OL1, OL2, LO1 and LO2 units in Olkiluoto and Loviisa plus the OL3 unit under construction. The plans also take into account the possible expansion of the disposal facility to accommodate the additional quantities of spent fuel generated by the OL4 and LO3 plant units being planned.

During 2009, the technical development work on the disposal solution focused on reporting the work regarding the closing and inspection techniques of the copper canister lid. Efforts were also invested in development and design work on the bentonite buffer to be installed around the canister. Hard-compacted bentonite clay restricts the movements of water near the canister and also provides mechanical protection. The focal areas were the production and installation techniques for the buffer. The study of production methods involved pressing test pieces, the heaviest piece weighing 3.5 tons. The tests indicate that the density requirements can be complied with using the tested technique. In the area of installation techniques, the rigs for manipulating bentonite clay components were developed and tested. Installation tests were carried out in a deposition hole with actual dimensions, constructed in the factory hall at ground level. The tests were very successful and the equipment operated as planned.

In the KBS-3 reference solution for disposal, the disposal

canisters are placed into holes drilled into the tunnel floors. In addition to this solution, Posiva has for several years been developing a horizontal disposal alternative in co-operation with SKB of Sweden. This solution involves placing the canisters, surrounded by bentonite buffers, into horizontal 200–300-metre drifts drilled into the bedrock. The development and planning work for the current project phase were completed in 2009. The work for assessing the results and experience accumulated is in progress. The decision on whether the development work for this solution is to continue will be taken in 2010.

Construction

The quarrying work of the access tunnel of ONKALO, the underground research facility, progressed by 750 metres. At the end of the year, the total length of the tunnel was 4,059 metres. The progress of quarrying work during the year was slowed down by the penetration of fracture zone R20; the injection work associated with this was completed at the end of the year. The tunnel had reached an approximate depth of 390 metres. The quality of quarried rock in itself was solid as expected, with the exception of the fracture zone, which was previously known about.

The construction of shafts continued with raise boring an inlet air shaft of 3.5 metres in diameter from level –290m to ground level, bringing all three shafts to the same level. Electrical and HPC work in ONKALO advanced by about 800 metres. Installations for both had progressed to 3,600 metres by the end of the year.

During the year, the layout plan for ONKALO was further developed with respect to the section below level –300 metres. At the same time, the space requirements and quarrying volumes associated with both research work and technical maintenance were revised.

The rock engineering implementation planning of ONKALO continued, both for the vehicle access tunnel and the shafts. The design work for electrical and HPAC installations also continued according to plans.

The construction of facilities at ground level continued and included, among other things, the initiation of quarrying work for the underground section of the ventilation and hoisting equipment buildings, performed as an open excavation. Just over half of this quarrying work was completed by the end of the year. The unheated storage facilities intended for use by the contractors were also completed early in the year.

International co-operation

Posiva has strived to actively promote the co-operation between European nuclear waste management organisations. The discussions on establishing European co-operation in the field of geological disposal, initiated at the Pori meeting hosted by Posiva in 2005, culminated at the event in Brussels for establishing the Technology Platform for Implementing Geological Disposal, attended by more than one hundred high-level representatives of European organisations implementing, controlling and doing R&D work on nuclear waste management.

Posiva is already involved in extensive co-operation with organisations responsible for disposal in different

countries, and it is actively participating in projects initiated by the Nuclear Energy Agency of the OECD and in several co-operation projects funded by the European Commission. The particular focus is naturally on co-operation with SKB, the company responsible for the disposal of nuclear waste from Swedish NPPs. The ongoing projects include that of further developing the horizontal disposal solution (KBS-3H) as an alternative to the basic solution.

Corporate social responsibility and communications

The EIA procedure regarding the expansion of the disposal facility to accommodate fuel from the Loviisa 3 unit was completed when the Ministry of Employment and the Economy issued its statement, in the capacity of the Coordinating Authority, of the EIA Report in March. Following the statement, Posiva submitted to the Government its application for a decision-in-principle regarding the expansion of the disposal facility. The public hearing associated with the application for a decision-in-principle was held at the Eurajoki Municipal Hall in June. During the hearing period for the application in May-June, Posiva organized exhibitions regarding the expansion of the disposal facility and its safety in public locations (such as libraries and municipal offices) in Eurajoki, Luvia, Nakkila, Eura and Rauma. The inhabitants of Satakunta were also approached through market square events in Eurajoki and the Olkiluoto open doors in July.

In addition to the expansion of the Olkiluoto disposal facility, the completion of Posiva's TKS programme was another major news item. The TKS programme, aimed at the submission of the construction licence application, was presented to the Satakunta media in Eurajoki and to the national media at an event organized in Helsinki.

The Posiva Tutkii (Posiva Researches) newspaper annex, published on five occasions with the Uusi Rauma and Satakunnan Viikko newspapers, has constituted a major communication channel in the Satakunta area. The work for revising Posiva's website was completed early in the year being reported.

Co-operation with the 7th and 8th grade students of Eurajoki Secondary School continued. In addition, a Geological Theme Day associated with career choices was organized for the 2nd year students at the Eurajoki Upper Secondary School. At that event, Posiva's experts discussed their own education and work.

The group coordinating co-operation between the Municipality of Eurajoki and Posiva convened on three occasions. The topics of its meetings included topical issues for information, Posiva's EIA and decision-in-principle procedures, the construction of ONKALO, site investigations in Olkiluoto and matters related to the Vuojoki Mansion. Posiva-related issues have also been regularly discussed in the co-operation committee of TVO and the neighbouring municipalities.

During the year, 80 groups of visitors, consisting of a total of 1,000 persons, visited Posiva to observe its operations in Olkiluoto. The Visitors' Centre in Olkiluoto welcomed around 19,000 visitors during the year. The Visitors' Centre has an exhibition presenting the final disposal of spent nuclear fuel.

Environmental impact management

Environmental matters are managed in line with Posiva's operations management system and annual environmental programme. The operations management system covers the requirements of the international standard on environmental systems. The environmental aspects relevant to Posiva were assessed in late 2009 in co-operation with QSE Systems Oy. The results indicate that the most significant environmental aspects of normal operations are related to the construction of ONKALO, field surveys, waste processing and the use of energy. An analysis of transient situations indicated fires and chemical spillages to be most significant occurrences from the environmental point of view.

In 2009, the quarrying work in ONKALO produced some 31,000 m^3 of rock waste, most of which was used for building work in the area. A total of some 34,000 m^3 of water was used in constructing the tunnel. The average rate of water seepage in ONKALO was approximately 33 litres/min. The waters pumped from the tunnel (potable water and seepage water) were first led to sedimentation and oil separation and then to the sea via an open ditch. The quality of the water was regularly monitored.

The purpose of the environmental programme is to mitigate the negative environmental impacts possibly

caused by the company's operations. As part of the 2009 programme, the data collection system associated with environmental aspects (environmental balance sheet) was developed, as were the preparations at the ONKALO work site for chemical spillages. The previous summer's exploratory excavations were landscaped with plants. One further exploratory excavation and two drilling locations (three holes) were planned and carried out with minimal environmental impacts.

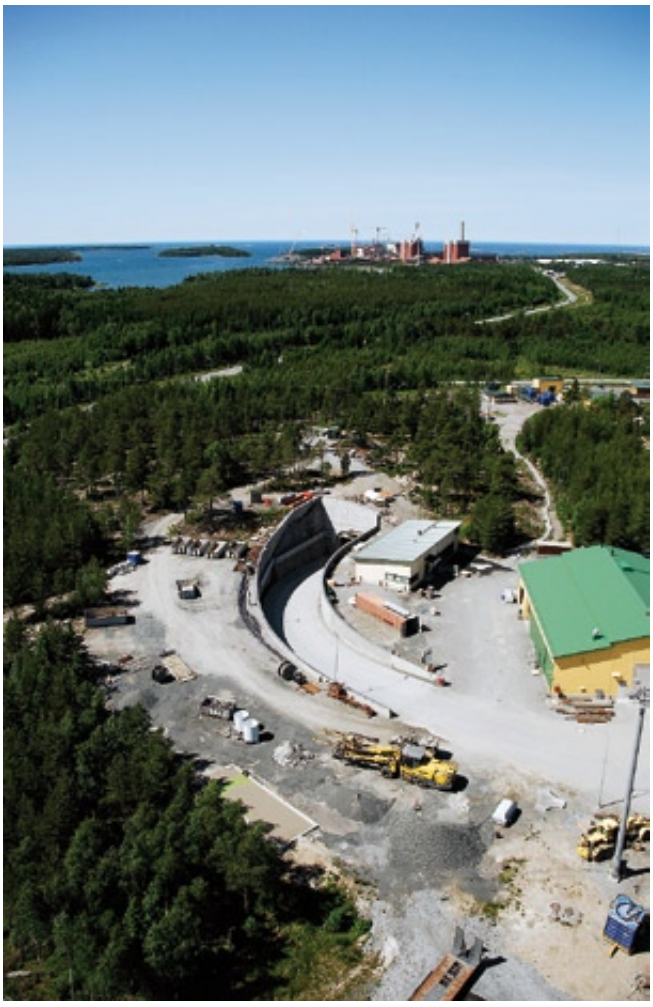
Management system

Posiva's integrated management system consists of manuals providing an overview of Posiva's operations, as well as of supplementary descriptions, codes of practice and instructions. The purpose of the operations management system is to ensure that Posiva's final disposal facility meets the relevant safety requirements and that Posiva's operations are timely and cost effective.

During 2009, the operating manual was updated with respect to changes in the organization and job descriptions, among other things. Other parts of the integrated management system were updated and supplemented on several occasions during 2009.

In January 2010, Det Norske Veritas will perform the periodic audit of the quality certificate according to ISO 9001:2000 that was granted for the management system on 15 December 2008.

The preliminary assessment of Posiva's environmental system was carried out in November for the purposes of the certification audit. The actual certification audit will take place in January 2010.



The self-assessment of Posiva's integrated management system was carried out in September. The recommendations of the IAEA on management systems (GS-R-3) constituted the frame of reference used.

Risk management

The company's general risk management is carried out in line with the guidelines included in the operations management system. The map of strategic risks was updated and the sufficiency of preparations assessed late in the year. The necessary further actions for managing the most significant risks were also determined. They are associated with unexpected changes in costs as a result of, for example, changes in plans concerning cost levels, as well as on the availability of human resources and expertise.

Board of Directors, from left to right: Pekka Leskelä, Reijo Sundell, Jarmo Tanhua, Arvo Vuorenmaa, Veijo Ryhänen.

Management Team, from left to right: Timo Seppälä, Juhani Vira, Pertti Huovinen, Reijo Sundell, Timo Äikäs.

Administrative bodies

BOARD OF DIRECTORS

Teollisuuden Voima Oyj
- Jarmo Tanhua, Chairman
- Veijo Ryhänen

Fortum Power and Heat Oy
- Pekka Leskelä
- Arvo Vuorenmaa

Jyrki Javanainen, Secretary, Teollisuuden Voima Oyj

Eero Patrakka / Reijo Sundell, the Presidents of Posiva Oy, have attended the Board meetings.

The Board of Directors convened seven times.

PRESIDENT

- Eero Patrakka (until 30 June 2009)
- Reijo Sundell (from 1 July 2009)

MANAGEMENT TEAM

- Eero Patrakka, Chairman (until 30 June 2009)
- Reijo Sundell, Chairman (from 1 July 2009)

Members
- Pertti Huovinen, Construction Director
- Juhani Vira, Research Director
- Timo Äikäs, Executive Vice President

Secretary
- Timo Seppälä, Communications Manager

The Management Team convened 14 times.

COMMITTEES APPOINTED BY THE BOARD

Technical Committee

Teollisuuden Voima Oyj
- Mikko Kosonen, Chairman
- Pekka Pyy (until 16 April 2009)
- Liisa Heikinheimo (from 17 April 2009)
- Juha Riihimäki

Fortum Power and Heat Oy
- Ilpo Kallonen
- Jyrki Kohopää
- Jari Tuunanen

Posiva
- Juhani Vira
- Timo Äikäs
- Pertti Huovinen

Kimmo Lehto, Committee Secretary, non-Member

The committee convened four times.

Financial Committee

Teollisuuden Voima Oyj
- Klaus Luotonen, Chairman
- Veijo Ryhänen
- Timo Palomäki

Fortum Power and Heat Oy
- Tiina Tuomela
- Sami Hautakangas
- Mikko Huopalainen

Posiva
- Eero Patrakka (until 30 June 2009)
- Reijo Sundell (from 1 July 2009)
- Anja Smeekes
- Jussi Palmu, Secretary

The committee convened five times.

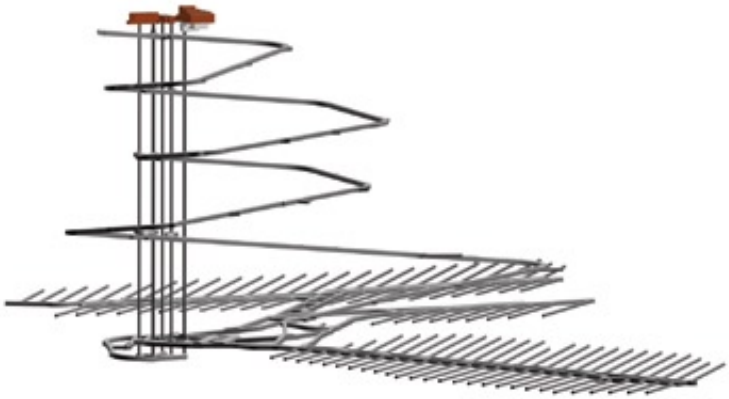
Auditors

Eero Suomela, CPA, nominated by PricewaterhouseCoopers Oy
Robert Kajander, CPA, nominated by Deloitte & Touche Oy

Ownership and Group structure

Posiva Oy belongs to the TVO sub-group of the PVO Group. The parent company of PVO Group is Pohjolan Voima Oy, whose domicile is in Helsinki. The parent company of TVO Group is Teollisuuden Voima Oyj (TVO), whose domicile is in Helsinki.

Posiva's shareholders are Teollisuuden Voima Oyj (60%) and Fortum Power and Heat Oy (40%). The company has 10,000 shares.

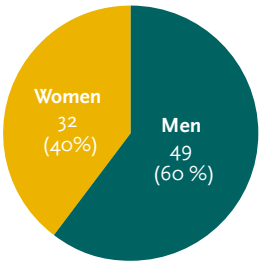


Personnel and organisation

Posiva's President until 30 June 2009 was Eero Patrakka, with Reijo Sundell taking over the role from 1 July 2009. Timo Äikäs, Director of the Technical Department, was appointed Executive Vice President on 1 July 2009.

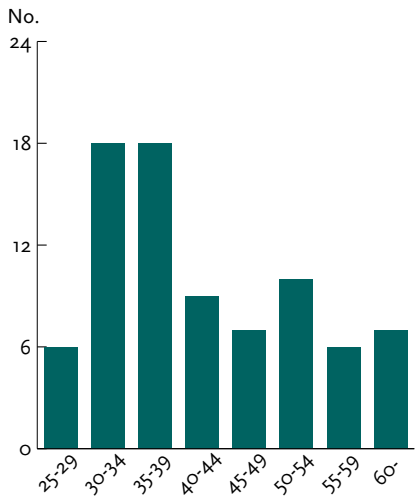
At the end of the year, Posiva had 88 employees (83 in 2008). During the year, Posiva employed an average of 90 (84) persons, some of these with a fixed-term contract and some doing summer jobs. During the year, the company recruited 12 (9) new permanent employees, mainly to different specialist positions related to nuclear waste management. Six (four in 2008) persons left the company, three (one) of these due to retirement.

The results of the personnel survey conducted in co-operation with the Finnish Institute of Occupational Health were processed at corporate and departmental levels and taken into account for developing operations. The basic course in nuclear waste management was organised for the seventh time in co-operation with VTT and other parties. In line with the annual training programme, internal training was also organised on various subjects, including plant design, long-term safety, geosciences, managerial skills, public authority issues, safety at work and rescue operations. In addition to internal training, Posiva personnel also participated in several external training events and seminars within their respective areas of expertise. The entire personnel of Posiva is included in the scope of a performance-related remuneration scheme. The performance-related pay can be directed to the Personnel Fund operated by the Group.

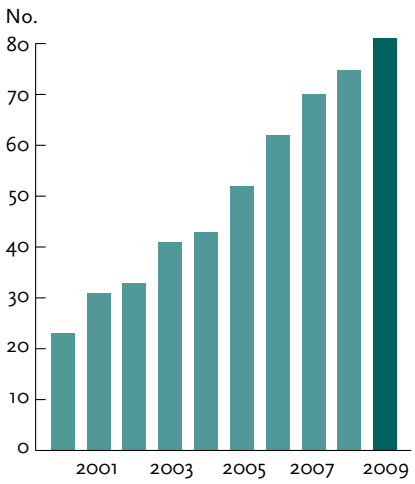


Gender distribution

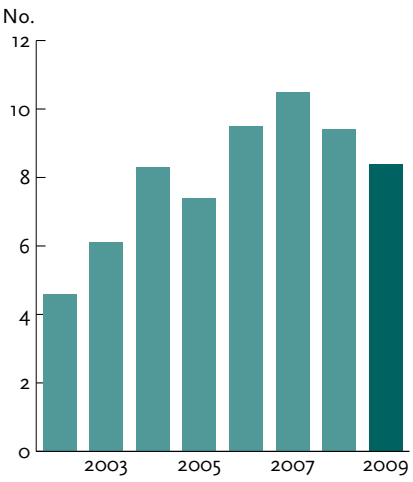
Age structure of Posiva personnel



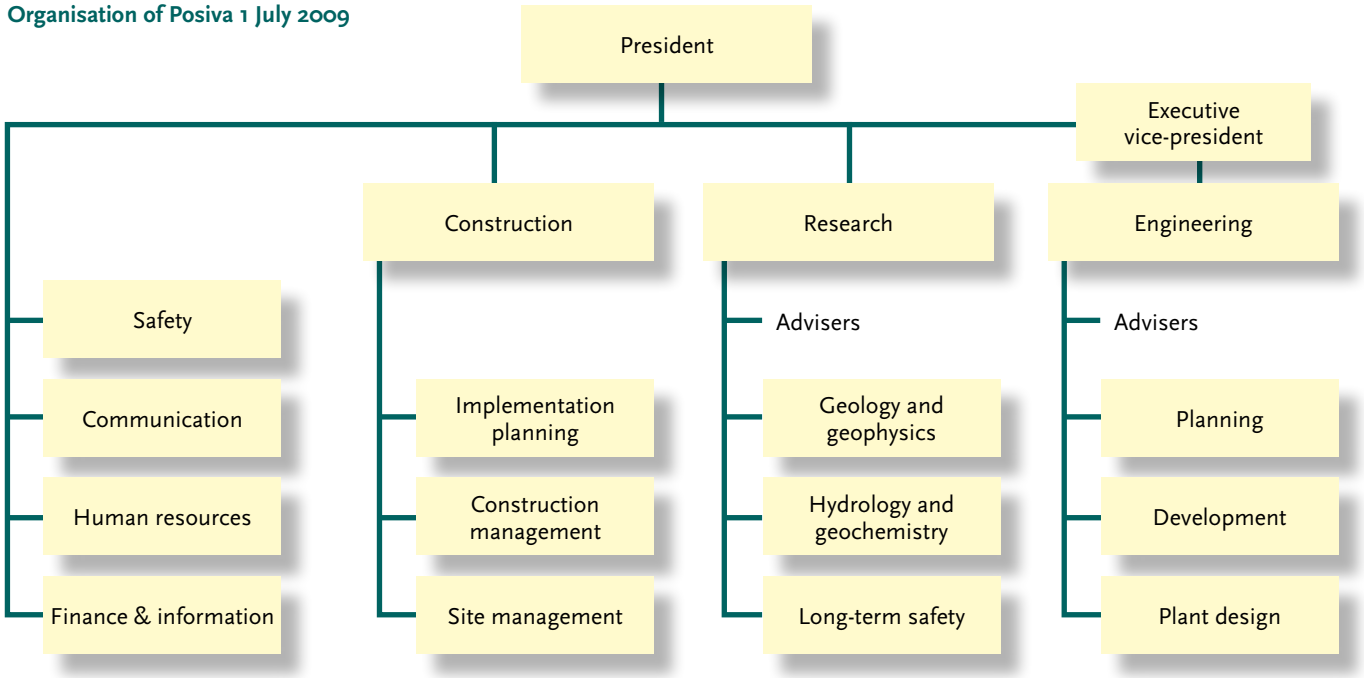
Number of employees



Number of training days per person



Organisation of Posiva 1 July 2009



Offices

Posiva has offices in Eurajoki at Olkiluoto and at the Vuojoki Mansion. In Olkiluoto, there are Posiva employees working at the central office and at the ONKALO construction site office.

Economy and finance

Posiva's shareholders bear the costs related to its main line of business, i.e. the management of spent nuclear fuel from the Olkiluoto and Loviisa power plants, as well as the research and development necessitated by it. Charges made by the company account for most of its revenues. In addition, the company carries out minor assignments for its owners and external customers. The company's sales amounted to EUR 58.3 (55.4) million, of which the main line of business accounted for EUR 58.1 (55.0) million. Sales have increased as a result of an expansion of the main line of business.

Posiva attends to the nuclear waste management tasks stipulated in the Nuclear Energy Act on behalf of the power generation companies, its owners. Consequently, the company charges for the annual costs arising from this, including the acquisition costs of property, plant and equipment. Since nuclear waste management costs will not accrue income in the future for the companies with waste management obligations, nor for Posiva, Posiva's nuclear waste management costs have been deducted in total as annual costs, even the acquisition cost of property, plant and equipment. The companies with waste management obligations make provisions for the cost of nuclear waste management by paying annual nuclear waste management fees to the Government's Nuclear Waste Management Fund.

Extent of research and development operations

Posiva's current operations mainly consist of extensive research and development work aimed at establishing the prerequisites for final disposal. In 2009, a total of some EUR 45.8 (43.1) million was used for R&D, accounting for 78.6% (77.8%) of sales. The research and development activities encompass, besides ONKALO, surveys above ground, the development of encapsulation technology and the planning and design of the final disposal facility.

Key indicators

Due to the company's principle of operations, the presentation of key financial indicators is not meaningful in terms of illustrating the company's financial position or financial performance. The financial statements do not show a profit or loss.

Events after the end of the financial period

No events having an impact on business developments have taken place since the end of the financial period.

Assessment of probable future developments

The company's operations are expected to continue during the current financial period primarily as in the previous year. Sales are expected to increase somewhat compared with the previous financial period.

Distribution of profits

The company does not have any unrestricted equity, which is why no dividends can be distributed.

Financial Statements

INCOME STATEMENT

	1.1. - 31.12.2009	1.1. - 31.12.2008
Turnover	58,316,524.12	55,389,339.53
Other operating income	131,848.44	121,087.09
Personnel expenses	-5,847,095.61	-5,240,048.03
Depreciation	-391,873.11	-438,164.96
Other operating expenses	-52,104,704.29	-49,900,374.44
Profit/loss	104,699.55	-68,160.81
Financial income and expenses	-101,995.02	73,224.74
Profit/loss before extraordinary items	2,704.53	5,063.93
Extraordinary items, +/-	0.00	0.00
Profit/loss before appropriations and taxes	2,704.53	5,063.93
Income taxes	-2,704.53	-5,063.93
Profit/loss for the period	0.00	0.00

BALANCE SHEET

ASSETS		31.12.2009		31.12.2008
Non-current assets				
Intangible assets				
Intangible rights	10,324.38		4,914.04	
Other long-term expenditure	1,660,471.58	1,670,795.96	1,969,977.32	1,974,891.36
Tangible assets				
Buildings	92,015.92		95,849.92	
Machinery and equipment	231,033.58	323,049.50	348,267.75	444,117.67
Investments				
Other shares and participations	208,771.50		201,871.50	
Other loan receivables	4,832,443.52	5,041,215.02	5,178,801.51	5,380,673.01
Total non-current assets		7,035,060.48		7,799,682.04
Current assets				
Short-term receivables				
Receivables from Group companies	0.00	,	2,476.42	
Sales receivables	323,010.38		285,822.29	
Loan receivables	325,764.48		297,971.40	
Other receivables	108,835.76		124,736.20	
Prepayments and accrued income	1,423,900.00	2,181,510.62	1,213,365.91	1,924,372.22
Cash and cash equivalents		12,886,054.31		11,397,929.46
Total current assets		15,067,564.93		13,322,301.68
Total assets		22,102,625.41		21,121,983.72
EQUITY AND LIABILITIES				
Equity				
Share capital	1,682,000.00		1,682,000.00	
Profit (loss) carried forward	0.00		0.00	
Profit (loss) for the period	0.00	1,682,000.00	0.00	1,682,000.00
Liabilities				
Long-term liabilities				
Liabilities to Group companies	4,361,893.90		4,610,100.90	
Other liabilities	2,672,201.78	7,034,095.68	2,821,140.58	7,431,241.48
Short-term liabilities				
Advances received	393,628.24		77,732.91	
Accounts payable	5,577,657.43		6,088,843.22	
Liabilities to Group companies	1,518,905.18		792,881.01	
Other liabilities	899,069.56		421,686.11	
Accruals and deferred income	4,997,269.32	13,386,529.73	4,627,598.99	12,008,742.24
Total equity and liabilities		22,102,625.41		21,121,983.72

FUNDS STATEMENT

1 000 €	2009	2008
Cash flow from operations:		
Profit/loss from operations	105	-68
Adjustments to profit/loss from operations*	392	438
Change in working capital**	1,129	1,875
Interest received	148	392
Interest paid	-251	-317
Taxes paid	0	-7
Cash flow from operations	1,523	2,313
Cash flow from investments:		
Acquisition of intangible and tangible assets	-7	-104
Capital gains	40	0
Acquisition of shares	-7	-49
Repayment of loan receivables	319	298
Cash flow from investments	345	145
Cash flow from financing:		
Withdrawals of long-term loans	221	1,011
Repayment of long-term loans	-601	-583
Cash flow from financing	-380	428
Change in financial assets	1,488	2,886
Liquid assets 1 January	11,398	8,512
Liquid assets 31 December	12,886	11,398
***Adjustments to profit (loss) from operations**		
Depreciation and impairment	392	438
Total	392	438
****Change in working capital**		
Increase (-) or decrease (+) in non-interest-bearing receivables	-233	-76
Increase (+) or decrease (-) in short-term non-interest-bearing liabilities	1,362	1,951
Total	1,129	1,875

NOTES TO FINANCIAL STATEMENTS 31 DECEMBER 2009

ACCOUNTING PRINCIPLES

Measurement principles and methods and accrual principles and methods

Measurement of non-current assets
Intangible rights, other non-current expenditure as well as property, plant and equipment are capitalised at immediate acquisition cost less depreciation/amortisation according to plan. The depreciation/amortisation according to plan equals the maximum amounts allowed by the Finnish Business Tax Act.

The acquisition costs of property, plant and equipment acquired for nuclear waste management prescribed by the Nuclear Energy Act have been deducted in their totality as annual costs because nuclear waste management costs will not accrue income in the future for the companies with waste management obligations, nor for Posiva.

The depreciation/amortisation periods for other non-current assets are as follows:

Intangible rights	Straight-line depreciation over 10 years
Other long-term expenditure	Straight-line depreciation over 10 years
Computer software	Straight-line depreciation over 5 years
Property, plant and equipment	Reducing balance depreciation at 25%

Research and development costs
The research and development costs have been recognised as annual costs during the year in which they were incurred.

Parent company
Posiva Oy is a subsidiary of Teollisuuden Voima Oyj and belongs to the TVO sub-group of Pohjolan Voima Group.
The parent company of Pohjolan Voima Group is Pohjolan Voima Oy, whose domicile is in Helsinki.
The parent company of TVO Group is Teollisuuden Voima Oyj, whose domicile is in Helsinki.

The consolidated financial statements of Pohjolan Voima Group are available for viewing in the main office of Pohjolan Voima Group at Töölönkatu 4, 00100 Helsinki. The consolidated financial statements of TVO Group can be viewed in the office of TVO Group at Töölönkatu 4, 00100 Helsinki.

NOTES TO THE INCOME STATEMENT

	2009	2008
1. Turnover		
Income, main line of business	58,076,929.13	54,958,470.44
Income, auxiliary line of business, shareholders	23,677.54	8,311.97
Income, auxiliary line of business, other companies	215,917.45	422,557.12
Total	58,316,524.12	55,389,339.53
2. Other operating income		
Rental income	71,771.40	53,086.87
Subsidies received	46,687.31	64,484.12
Other income	13,389.73	3,516.10
Total	131,848.44	121,087.09
3. Personnel		
Average number of employees	90	84
Number of employees 31 December	88	83
Personnel expenses		
Wages and salaries	4,819,845.88	4,307,826.40
Pension expenses	822,227.33	714,196.32
Other statutory personnel expenses	205,022.40	218,025.31
Total	5,847,095.61	5,240,048.03
4. Depreciation		
Depreciation plan		
The depreciation/amortisation according to plan equals the maximum amounts allowed by the Finnish Business Tax Act.		
Depreciation/amortisation according to plan		
On intangible rights	1,802.66	1,081.33
On other long-term expenditure	309,505.74	317,281.05
On buildings	3,834.00	3,993.75
On machinery and equipment	76,730.71	115,808.83
Total	391,873.11	438,164.96

NOTES TO THE INCOME STATEMENT

	2009	2008
5. Other operating expenses		
Rents	2,803,559.37	2,741,637.56
Group services	4,804,597.06	4,090,525.73
Research expenses	23,301,555.76	22,479,554.58
Expenses related to research in ONKALO	15,519,282.17	15,294,848.27
Other expenses	5,675,709.93	5,293,808.30
Total	52,104,704.29	49,900,374.44
Fixed assets used for nuclear waste management		
	15,742,952.17	15,264,509.39
Auditors' fees		
Audit	12,000.00	12,000.00
Auditors' statements	2,780.00	940.00
Total	14,780.00	12,940.00
6. Financial income and expenses		
Interest income and other financial income		
Interest income from long-term investments	123,775.09	144,368.62
Other interest and financial income	23,877.68	247,990.65
Total	147,652.77	392,359.27
Interest and other financial expenses		
To Group companies	153,400.19	195,646.45
To others	96,247.60	123,488.08
Total	249,647.79	319,134.53
Total financial income and expenses	-101,995.02	73,224.74

NOTES TO THE BALANCE SHEET

7. Non-current assets	Aineettomat oikeudet	Muut pitkä vaikutteiset menot	Yhteensä
Intangible assets			
Acquisition cost 1 Jan 2009	34,894.91	3,260,179.14	3,295,074.05
Increase	7,213.00	0.00	7,213.00
Acquisition cost 31 Dec 2009	42,107.91	3,260,179.14	3,302,287.05
Accumulated planned depreciation 1 Jan	29,980.87	1,290,201.82	1,320,182.69
Depreciation/amortisation according to plan	1,802.66	309,505.74	311,308.40
Book value 31 Dec 2009	10,324.38	1,660,471.58	1,670,795.96
	Rakennukset ja rakennelmat	Koneet ja kalusto	Yhteensä
Tangible assets			
Acquisition cost 1 Jan 2009	138,183.20	892,974.82	1,031,158.02
Increase	0.00	4,097.54	4,097.54
Decrease	0.00	-59,468.00	-59,468.00
Acquisition cost 31 Dec 2009	138,183.20	837,604.36	975,787.56
Accumulated planned depreciation 1 Jan	42,333.28	544,707.07	587,040.35
Accumulated depreciation on decrease	0.00	-14,867.00	-14,867.00
Depreciation/amortisation according to plan	3,834.00	76,730.71	80,564.71
Book value 31 Dec 2009	92,015.92	231,033.58	323,049.50

Investments	2009	2008
Other shares and participations	208,771.50	201,871.50
Other loan receivables	4,832,443.52	5,178,801.51
Total	5,041,215.02	5,380,673.01

NOTES TO THE BALANCE SHEET

	2009	2008
8. Prepayments and accrued income		
Rental cost advance	1,327,020.00	1,105,850.00
Other deferred income	55,200.00	100,585.00
Other prepaid expenses	41,680.00	6,930.91
Total	1,423,900.00	1,213,365.91
9. Liabilities to Group companies		
Long-term liabilities	4,361,893.90	4,610,100.90
Short-term liabilities		
Advances received	1,098,518.22	216,933.16
Other liabilities	373,789.65	362,773.90
Accruals and deferred income	46,597.31	213,173.95
Total	1,518,905.18	792,881.01
Total	5,880,799.08	5,402,981.91
10. Accruals and deferred income		
Accrued interests	725.28	1,347.29
Wages with social costs	1,468,142.57	1,197,186.33
Estimate of expenses not yet charged	3,528,401.47	3,429,065.37
Total	4,997,269.32	4,627,598.99
11. Debts falling due in more than five years	5,697,303.51	6,111,343.52
12. Share capital		
Share capital 1 Jan	1,682,000.00	1,682,000.00
Changes in share capital	0.00	0.00
Share capital 31 Dec	1,682,000.00	1,682,000.00
13. Contingent liabilities		
Other rent liabilities		
Rent liabilities due in under one year	442,334.24	442,334.24
Rent liabilities due later	5,750,420.00	6,192,679.36
Total	6,192,754.24	6,635,013.60

Posiva has rented a land area for the final disposal of spent nuclear fuel from Teollisuuden Voima Oyj. The rental period is from 1 July 2003 to 30 June 2103. The rental agreement is subject to notice in case the land area is not suitable for the final disposal of spent nuclear fuel. The rent is reviewed every two years in line with the cost-of-living index. The rent paid in 2009 was EUR 395,132.80 (EUR 336,901.00 in 2008).

SIGNATURES TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS

In Helsinki on 25 February 2010

Jarmo Tanhua, Chairman

Pekka Leskelä

Veijo Ryhänen

Arvo Vuorenmaa

Reijo Sundell, President

AUDITOR'S REPORT

To Posiva Oy's Annual General Meeting

We have audited the accounts, the financial statements, the annual report and the management of Posiva Oy for the financial year 1 January – 31 December 2009. The financial statements include the balance sheet, income statement, funds statement and the notes to the financial statements.

The responsibilities of the Board of Directors and the President

The Board of Directors and the President are responsible for drawing up the financial statements and annual report as well as for giving correct and necessary information that is in accordance with Finnish regulations and legislation governing the preparation of financial statements. The Board of Directors is responsible for organising proper monitoring of accounting and financial management. The President is responsible for ensuring that accounts are in compliance with legislation and that financial management has been organised in a reliable manner.

The responsibilities of the Auditor

The Auditor must perform the audit in compliance with good auditing practices and prepare a statement on the financial statements and the annual report. Good auditing practices require following a professional code of conduct and planning and performing the audit in a manner that ensures that the financial statements and the annual report do not contain errors and that the members of the Board of Directors and the President have acted in compliance with the Companies' Act.

The purpose of the audit is to check the validity of the figures and other information presented in the financial statement and the annual report. The Auditor evaluates the risk of the financial statements or the directors' report containing material defects due to an error or malpractice and decides on the necessary actions. When planning the necessary auditing actions, how to evaluate the internal monitoring of drawing up and presenting the financial statements and the directors' report should also be considered. In addition, the general presentation of the financial statements and the annual report, the principles followed in drawing up the financial statements, and estimates applied by the Board of Directors when drawing up the financial statements are evaluated.

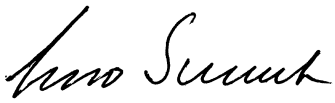
The audit has been performed in compliance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Statement

We therefore state that the financial statements and the annual report present true and sufficient information about the result of the company's activities and its financial standing, as stipulated in the Finnish regulations and legislation governing the preparation of financial statements and the annual report. The annual report is consistent with the financial statements.

In Helsinki on 19 March 2010

PricewaterhouseCoopers Oy
Authorised Public Accountants



Eero Suomela
CPA

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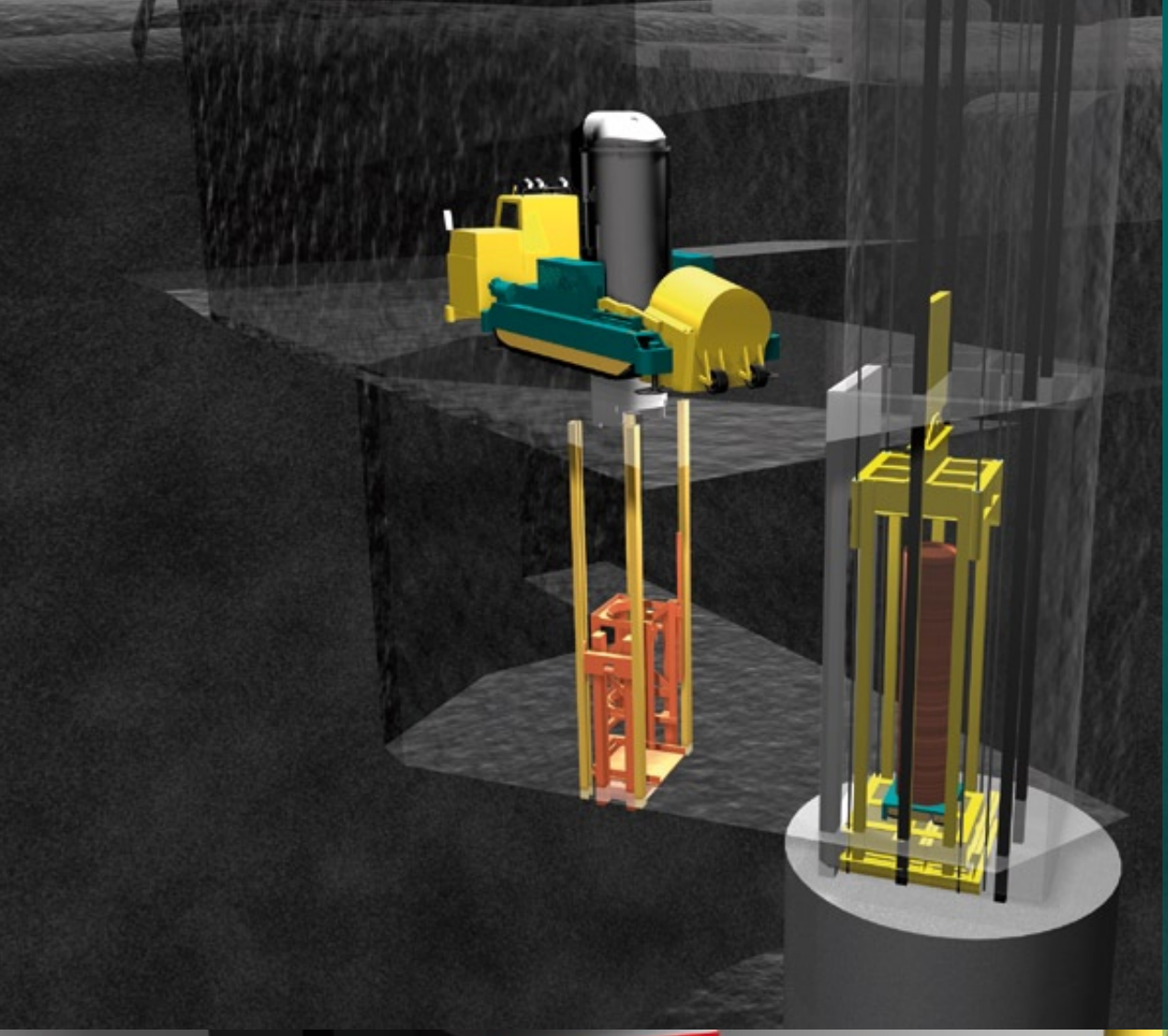
Deloitte & Touche Oy
Authorised Public Accountants

Robert Kajander
CPA

Porkkalankatu 24, 00180 Helsinki
Business ID 0989771-5; registered office Helsinki



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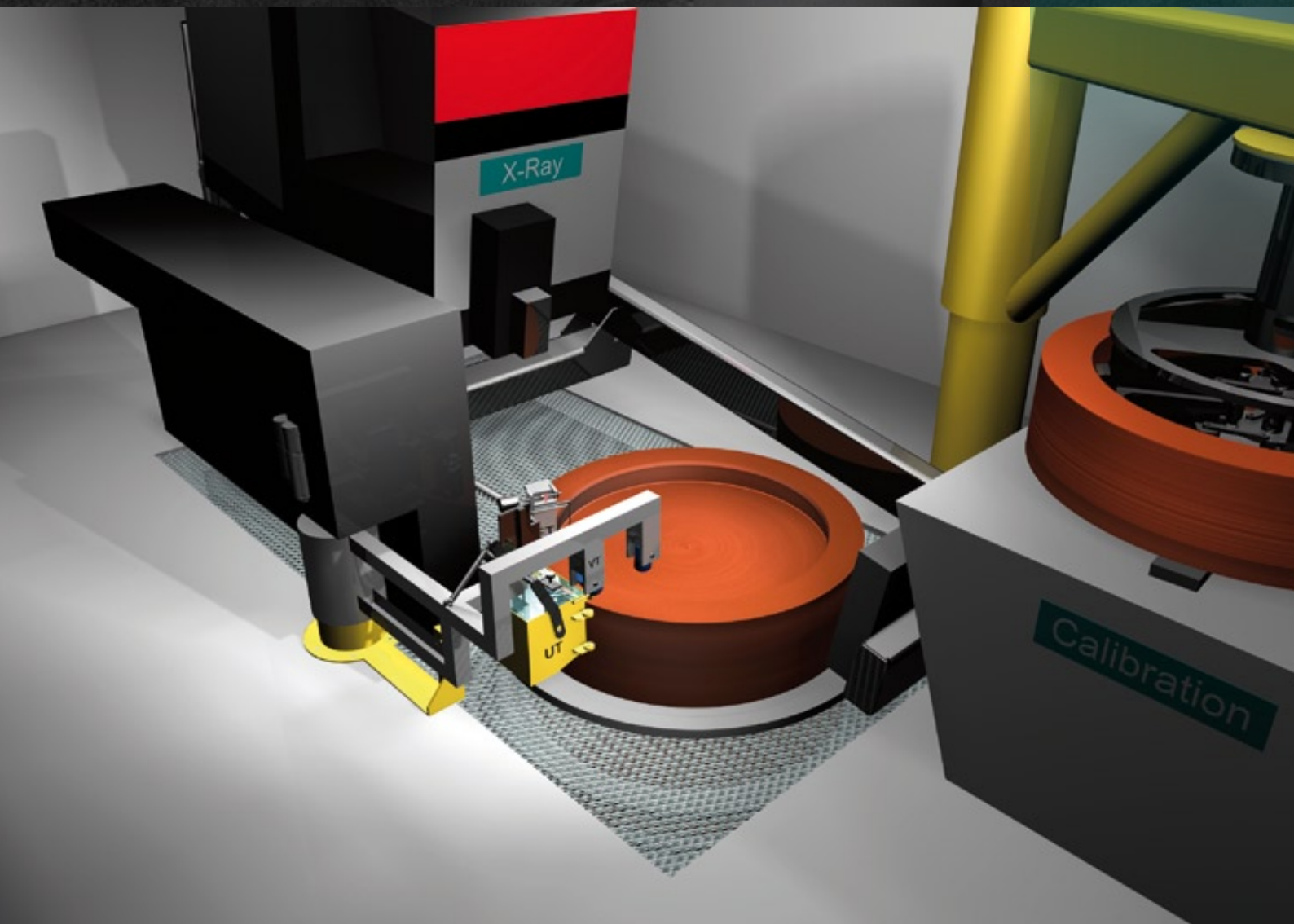

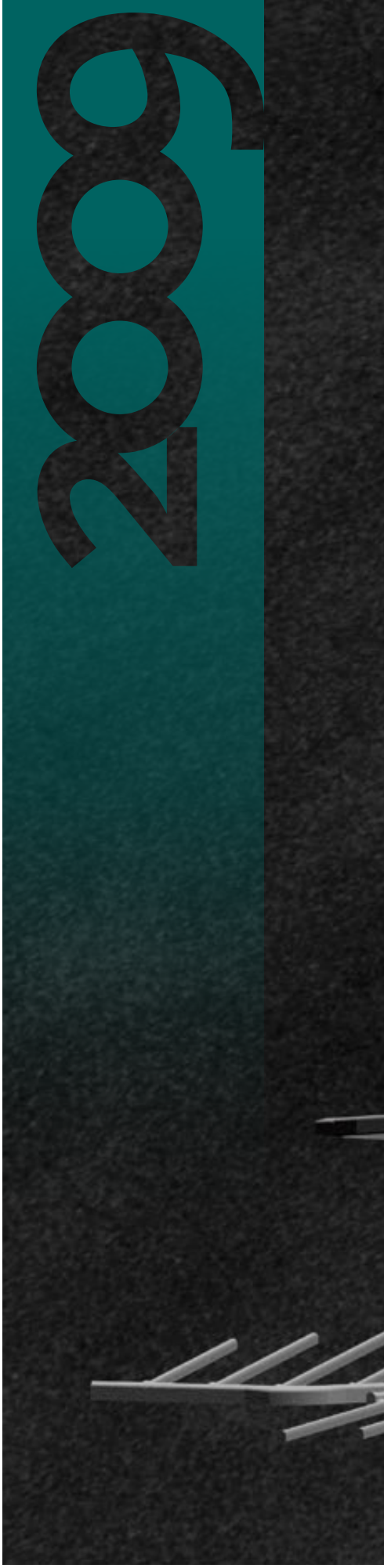

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