



FINNAIR PLC

Listing of EUR 200,000,000 Senior Unsecured Fixed Rate Notes Due March 2022**The Notes are represented by units in denominations of EUR 1,000**

On 29 March 2017, Finnair Plc (the “**Issuer**” or the “**Company**”) issued senior unsecured notes with an aggregate nominal amount of EUR 200,000,000 (the “**Notes**”) mainly to certain institutional investors based on an authorisation given by the Company’s Board of Directors on 2 March 2017. The Notes are represented by units in denomination of EUR 1,000. The Notes were offered for subscription in a minimum amount of EUR 100,000 through a book-building procedure that was carried out on 22 March 2017 (the “**Offering**”). The rate of interest of the Notes is 2.250 per cent per annum. The maturity of the Notes is on 29 March 2022, unless the Issuer prepays the Notes in accordance with the terms and conditions of the Notes.

This listing prospectus (the “**Listing Prospectus**”) contains information on the Offering and the Notes. The Listing Prospectus has been prepared solely for the purpose of admission to listing of the Notes to public trading on Nasdaq Helsinki Ltd (the “**Helsinki Stock Exchange**”) and does not constitute any offering of the Notes.

Application has been made for the Notes to be admitted to trading on the Helsinki Stock Exchange (the “**Listing**”), and the Listing is expected to take place on or about 31 March 2017 under the trading code “FIAJ225022”.

Besides filing this Listing Prospectus with the Finnish Financial Supervisory Authority (“**FIN-FSA**”) and the application to the Helsinki Stock Exchange, neither the Issuer nor the Lead Managers (as defined hereafter) have taken any action, nor will they take any action to render the public offer of the Notes or their possession, or the distribution of this Listing Prospectus or any other documents relating to the Notes admissible in any other jurisdiction than Finland requiring special measures to be taken for the purpose of public offer.

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) or under the securities laws of any state or other jurisdiction of the United States. The Notes 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**”)).

The Issuer or the Notes have not been assigned any credit ratings at the request or with the co-operation of the Issuer in the rating process.

Investment in the Notes involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes are discussed under “*Risk Factors*” below.

Lead Managers:



CERTAIN INFORMATION

This Listing Prospectus has been drawn up in accordance with the Finnish Securities Market Act (14.12.2012/746, as amended) (the “**Finnish Securities Market Act**”), the Decree of the Finnish Ministry of Finance on the Listing Prospectus referred to in Chapters 3 to 5 of the Finnish Securities Market Act (20.12.2012/1019, as amended), the Commission Regulation (EC) No 809/2004, as amended, in application of the Annexes IV, V and XXII thereof, and the regulations and guidelines of the FIN-FSA. The 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 the relevant implementing measures in Finland, has approved the Listing Prospectus (journal number FIVA 12/02.05.04/2017) but assumes no responsibility for the correctness of the information contained herein.

In this Listing Prospectus, “**Finnair**”, the “**Finnair Group**” and the “**Group**” refer to Finnair Plc and its subsidiaries and associated companies, on a consolidated basis. All references to the “**Issuer**” and the “**Company**” refer to Finnair Plc, except where the context may otherwise require. This Listing Prospectus has been prepared in English only. However, the summary of this Listing Prospectus has been translated into Finnish.

This Listing Prospectus should be read in conjunction with all documents which are deemed to be incorporated herein by reference and shall be read and construed on the basis that such documents are incorporated and form part of this Listing Prospectus. See “*Information Incorporated by Reference*”.

Danske Bank A/S and Nordea Bank AB (publ) (jointly the “**Lead Managers**”) have acted exclusively for Finnair as the arrangers and lead managers of the Offering and the Listing. The Lead Managers have not and are not acting for anyone else in connection with the Offering and the Listing and will not be responsible to anyone other than Finnair for providing the protections afforded to their respective clients nor for providing any advice in relation to the Listing or the contents of this Listing Prospectus.

Investors should rely only on the information contained in this Listing Prospectus. Neither Finnair nor the Lead Managers have authorised anyone to provide any information or give any statements other than those provided in the Listing Prospectus. The Lead Managers assume no responsibility, except for statutory liability, for the accuracy or completeness of the information in this Listing Prospectus and, accordingly, disclaim to the fullest extent permitted by law, any and all liability which they might otherwise be found to have in respect of this Listing Prospectus or any such statement. Delivery of this Listing Prospectus nor any sale made by reference thereto, shall not, under any circumstances, create any implication that there has been no change in the affairs of Finnair since the date of the Listing Prospectus or that the information herein is correct as of any time subsequent to the date of the Listing Prospectus. However, if a fault or omission is discovered in the Listing Prospectus before the admission of the Notes for listing on the Helsinki Stock Exchange and such fault or omission may be of material importance to investors, the Listing Prospectus shall be supplemented in accordance with the Finnish Securities Market Act. Unless otherwise stated, any estimates with respect to market development relating to Finnair Group or its industry are based upon the reasonable estimates of the Company’s management. Nothing contained in this Listing Prospectus is, or shall be relied upon as, a promise or representation by Finnair or the 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.

In making an investment decision, each investor should rely on their examination, analysis and enquiry of Finnair and the terms and conditions of the Notes, including the risks and merits involved. Neither Finnair, nor the Lead Managers, nor any of their respective affiliated parties or representatives, has made or is making any representation to any offeree or subscriber of the Notes regarding the legality of the investment by such person. Investors should make their independent assessment of the legal, tax, business, financial and other consequences of an investment in the Notes.

This Listing Prospectus has been prepared solely in connection with the listing of the Notes on the Helsinki Stock Exchange. It does not constitute an offer of securities for sale, or a solicitation of an offer to buy any securities, anywhere in the world.

The distribution of this Listing Prospectus may, in certain jurisdictions, be restricted by law, and 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 Notes, or otherwise to permit a public offering of the Notes, in any jurisdiction outside of Finland. Finnair and the Lead Managers expect persons into whose possession this Listing Prospectus comes to inform themselves of and observe all such restrictions. Neither Finnair nor the Lead Managers accept any legal responsibility for any violation by any person, whether or not a prospective purchaser of Notes is aware of such restrictions. In particular the Notes may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into the United States, Australia, Canada, Hong Kong, Japan, New Zealand, Singapore, South Africa or any other jurisdiction in which it would not be permissible to offer the Notes and this Listing Prospectus may not be sent to any person in the beforementioned jurisdictions.

The Notes are governed by Finnish law and any dispute arising in relation to the Notes shall be settled exclusively by Finnish courts in accordance with Finnish law.

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SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of “not applicable”.

Section A — Introduction and warnings		
A.1	Warning	<p>This summary should be read as an introduction to the Listing Prospectus. Any decision to invest in the Notes should be based on consideration of the Listing Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in the Listing Prospectus is brought before a court, the plaintiff investor might, under applicable law, have to bear the costs of translating the Listing Prospectus before legal proceedings are initiated. The Issuer assumes civil liability in respect of this summary and its translation only if it is misleading, inaccurate or inconsistent when read together with the other parts of the Listing Prospectus, or if it does not provide, when read together with the other parts of the Listing Prospectus, key information in order to aid investors when considering whether to invest in the Notes issued by the Company.</p>
A.2	Consent by the person responsible for drawing up the prospectus to the use of the prospectus	Not applicable.

Section B — Issuer		
B.1	Legal and commercial name	Finnair Plc.
B.2	Domicile/Legal form/Legislation/Country of incorporation	The domicile of the Issuer is Helsinki, Finland. The Issuer is a public limited liability company incorporated in Finland and operating under Finnish law.
B.4b	Known trends affecting the Issuer and the Issuer's industries	<p>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. IATA expects uncertainty in the outlook of the airline industry with the price stimulus from lower oil prices moving into reverse, the impact of Brexit remaining unclear, while world trade remains weak. However, according to Airbus, the long-term growth prospects for air transport are good. Airbus forecasts a 4.5 per cent global annual air traffic growth between 2016 and 2035. Further, Airbus estimates a 3.4 per cent annual growth in revenue passenger kilometres in North America and Europe and a 5.5 per cent annual growth in revenue passenger kilometres in Asia-Pacific between 2016 and 2035. According to Airbus, for</p>

		example urbanisation, growing middle classes particularly in the developing aviation markets, liberalisation and tourism contribute to the growth of air transport.																																																
B.5	Group	<p>The Issuer is the parent company of the Finnair Group. The Issuer’s organisation consists of Commercial, Customer Experience, Operations and Shared Functions. Shared functions in Finnair’s Group Administration are Finance and Control, People and Culture, Communications and Corporate Responsibility, Legal Affairs and Internal Audit.</p> <p>The Issuer’s subsidiaries provide support services to the Issuer 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. The following table sets forth the subsidiaries of the Issuer:</p> <table><tr><th>Name of the company</th><th>Group ownership %</th><th>Name of the company</th><th>Group ownership %</th></tr><tr><td>Finnair Cargo Oy, Finland</td><td>100.0</td><td>A/S Aero Airlines, Estonia</td><td>100.0</td></tr><tr><td>Finnair Aircraft Finance Oy, Finland</td><td>100.0</td><td>Balticport Oü, Estonia</td><td>100.0</td></tr><tr><td>Finnair ATR Finance Oy, Finland</td><td>100.0</td><td>LSG Sky Chefs Finland Oy, Finland *</td><td>100.0</td></tr><tr><td>Finnair Technical Services Oy, Finland</td><td>100.0</td><td>Amadeus Finland Oy, Finland</td><td>95.0</td></tr><tr><td>Finnair Engine Services Oy, Finland</td><td>100.0</td><td>Oy Aurinkomatkat - Suntours Ltd Ab, Finland</td><td>100.0</td></tr><tr><td>Finnair Travel Retail Oy, Finland</td><td>100.0</td><td>Aurinko Oü, Estonia</td><td>100.0</td></tr><tr><td>Finnair Flight Academy Oy, Finland</td><td>100.0</td><td>Matkayhtymä Oy, Finland</td><td>100.0</td></tr><tr><td>Kiinteistö Oy Lentokonehuolto, Finland</td><td>100.0</td><td>OOO Aurinko, Russia</td><td>100.0</td></tr><tr><td>Northport Oy, Finland</td><td>100.0</td><td>FTS Financial Services Oy, Finland</td><td>100.0</td></tr><tr><td>Kiinteistö Oy LEKO 8, Finland</td><td>100.0</td><td>Back Office Services Estonia Oü, Estonia</td><td>100.0</td></tr><tr><td>Kiinteistö Oy Air Cargo Center 1, Finland</td><td>100.0</td><td></td><td></td></tr></table> <p>*LSG Sky Chefs Finland Oy is the Issuer’s 100 per cent owned subsidiary but fully under LSG Group’s control. LSG Group had a call option to purchase the shares, but at the end of 2016 LSG Group decided that it will not exercise its purchase option of LSG Sky Chefs Finland Oy. As a result, the Issuer and LSG started negotiations on the return of control of LSG SkyChefs Finland Oy to Finnair, which will allow Finnair to form a new cooperation model in catering services.</p>	Name of the company	Group ownership %	Name of the company	Group ownership %	Finnair Cargo Oy, Finland	100.0	A/S Aero Airlines, Estonia	100.0	Finnair Aircraft Finance Oy, Finland	100.0	Balticport Oü, Estonia	100.0	Finnair ATR Finance Oy, Finland	100.0	LSG Sky Chefs Finland Oy, Finland *	100.0	Finnair Technical Services Oy, Finland	100.0	Amadeus Finland Oy, Finland	95.0	Finnair Engine Services Oy, Finland	100.0	Oy Aurinkomatkat - Suntours Ltd Ab, Finland	100.0	Finnair Travel Retail Oy, Finland	100.0	Aurinko Oü, Estonia	100.0	Finnair Flight Academy Oy, Finland	100.0	Matkayhtymä Oy, Finland	100.0	Kiinteistö Oy Lentokonehuolto, Finland	100.0	OOO Aurinko, Russia	100.0	Northport Oy, Finland	100.0	FTS Financial Services Oy, Finland	100.0	Kiinteistö Oy LEKO 8, Finland	100.0	Back Office Services Estonia Oü, Estonia	100.0	Kiinteistö Oy Air Cargo Center 1, Finland	100.0		
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B.9	Profit forecasts and estimates	<p>In a stock exchange release dated 15 February 2017 regarding its financial statements 1 January – 31 December 2016, the Issuer has published the following information on the near-term outlook:</p> <p>The demand outlook for passenger and cargo traffic in Finnair’s main markets continues to involve uncertainty. Finnair estimates that, in 2017, due to the fleet</p>																																																

		<p>renewal and introduction of new aircraft, its capacity will grow 8 – 10 per cent, weighted strongly towards the second half of 2017. Revenue is expected to grow more slowly than our capacity, reflecting increasing capacity in the relevant markets.</p> <p>In keeping with its disclosure policy, Finnair will issue guidance for its expected full-year operational result in connection with the half-year report in July.</p>																																																																											
B.10	Qualifications in the audit reports	Not applicable. The audit reports on historical financial information incorporated by reference into this Prospectus do not include any qualifications.																																																																											
B.12	No material adverse change and no significant change statements Selected consolidated financial information	<p>There have been no material adverse changes in the prospects of the Issuer since the date of its last published audited financial statements.</p> <p>There has been no significant change in the financial or trading position of the Issuer since 31 December 2016.</p> <p>The following is a summary of Finnair's consolidated financial information as at and for the financial years ended 31 December 2016 and 31 December 2015. The information in this summary has been derived from Finnair's audited consolidated financial statement for the financial year ended 31 December 2016 which has been incorporated into this Listing Prospectus by reference. This information should be read in conjunction with, and is qualified in its entirety by reference to, such financial statements and related notes. Finnair's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. Unless stated otherwise, the information presented in the tables below for the financial year ended 31 December 2016 and financial year ended 31 December 2015 has been audited. The consolidated income statement for the financial year ended 31 December 2015 is unaudited as it reflects the change made to Finnair's calculation of revenue in the first quarter of 2016 whereby aircraft lease income received was no longer included in group revenue, but in other operating income.</p> <table> <tr> <th></th><th colspan="2">For the year ended</th></tr> <tr> <th></th><th colspan="2">31 December</th></tr> <tr> <th></th><th>2016</th><th>2015</th></tr> <tr> <th></th><th>(audited)</th><th>(unaudited)</th></tr> <tr> <th>CONSOLIDATED INCOME STATEMENT</th><th><i>(in mill. EUR)</i></th><th><i>(in mill. EUR)</i></th></tr> <tr> <td>Revenue</td><td>2,316.8</td><td>2,254.5</td></tr> <tr> <td>Other operating income</td><td>75.5</td><td>85.2</td></tr> <tr> <td>Operating expenses</td><td></td><td></td></tr> <tr> <td>Staff costs</td><td>-362.5</td><td>-353.2</td></tr> <tr> <td>Fuel costs</td><td>-491.5</td><td>-595.5</td></tr> <tr> <td>Other rents</td><td>-167.4</td><td>-159.4</td></tr> <tr> <td>Aircraft materials and overhaul</td><td>-147.3</td><td>-118.9</td></tr> <tr> <td>Traffic charges</td><td>-262.8</td><td>-258.5</td></tr> <tr> <td>Ground handling and catering expenses</td><td>-258.9</td><td>-250.3</td></tr> <tr> <td>Expenses for tour operations</td><td>-87.8</td><td>-79.6</td></tr> <tr> <td>Sales and marketing expenses</td><td>-76.9</td><td>-74.0</td></tr> <tr> <td>Other expenses</td><td>-266.6</td><td>-219.3</td></tr> <tr> <td>Comparable EBITDAR</td><td>270.4</td><td>231.2</td></tr> <tr> <td>Lease payments for aircraft</td><td>-109.5</td><td>-99.3</td></tr> <tr> <td>Depreciation and impairment</td><td>-105.8</td><td>-108.1</td></tr> <tr> <td>Comparable operating result</td><td>55.2</td><td>23.7</td></tr> <tr> <td>Fair value changes in derivatives and changes in exchange rates of fleet overhauls</td><td>32.0</td><td>-12.3</td></tr> <tr> <td>Items affecting comparability</td><td>29.0</td><td>110.2</td></tr> <tr> <td>Operating result</td><td>116.2</td><td>121.7</td></tr> <tr> <td>Financial income</td><td>1.0</td><td>1.3</td></tr> </table>		For the year ended			31 December			2016	2015		(audited)	(unaudited)	CONSOLIDATED INCOME STATEMENT	<i>(in mill. EUR)</i>	<i>(in mill. EUR)</i>	Revenue	2,316.8	2,254.5	Other operating income	75.5	85.2	Operating expenses			Staff costs	-362.5	-353.2	Fuel costs	-491.5	-595.5	Other rents	-167.4	-159.4	Aircraft materials and overhaul	-147.3	-118.9	Traffic charges	-262.8	-258.5	Ground handling and catering expenses	-258.9	-250.3	Expenses for tour operations	-87.8	-79.6	Sales and marketing expenses	-76.9	-74.0	Other expenses	-266.6	-219.3	Comparable EBITDAR	270.4	231.2	Lease payments for aircraft	-109.5	-99.3	Depreciation and impairment	-105.8	-108.1	Comparable operating result	55.2	23.7	Fair value changes in derivatives and changes in exchange rates of fleet overhauls	32.0	-12.3	Items affecting comparability	29.0	110.2	Operating result	116.2	121.7	Financial income	1.0	1.3
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Financial expenses	-11.5	-9.7
Share of results in associates and joint ventures	0.0	0.1
Result before taxes	105.8	113.3
Income taxes	-20.6	-23.6
Result for the period	85.1	89.7
Attributable to		
Owners of the parent company	85.1	89.4
Non-controlling interests	0.0	0.3
Earnings per share attributable to shareholders of the parent company, EUR (basic and diluted)	0.55	0.57
For the year ended		
31 December		
	2016	2015
	(audited)	(audited)
	<i>(in mill. EUR)</i>	<i>(in mill. EUR)</i>
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		
Result for the period	85.1	89.7
Other comprehensive income items		
Items that may be reclassified to profit or loss in subsequent periods		
Change in fair value of hedging instruments	145.2	-14.1
Translation differences	0.0	0.6
Tax effect	-29.0	2.8
Items that will not be reclassified to profit or loss in subsequent periods		
Actuarial gains and losses from defined benefit plans	-18.1	37.7
Tax effect	3.6	-7.5
Other comprehensive income items total	101.7	19.5
Comprehensive income for the period	186.9	109.2
Attributable to		
Owners of the parent company	186.9	108.9
Non-controlling interests	0.0	0.3
As at 31 December		
	2016	2015
	(audited)	(audited)
	<i>(in mill. EUR)</i>	<i>(in mill. EUR)</i>
CONSOLIDATED BALANCE SHEET		
ASSETS		
Non-current assets		
Intangible assets	12.4	9.5
Tangible assets	1,166.5	811.6
Investments in associates and joint ventures	2.5	2.6
Loan and other receivables	7.4	8.7
Deferred tax assets	0.0	9.1
Non-current assets total	1,188.7	841.5
Current assets		
Inventories	14.9	11.8
Trade and other receivables	211.9	208.5
Derivative financial instruments	176.6	155.8
Other financial assets	727.9	427.7

Cash and cash equivalents	69.4	280.5
Current assets total	1,200.7	1,084.3
Assets held for sale	139.3	124.5
Assets total	2,528.7	2,050.3
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	75.4	75.4
Other equity	781.6	652.0
Equity total	857.0	727.5
Non-current liabilities		
Deferred tax liabilities	32.7	0.0
Interest-bearing liabilities	617.3	271.0
Pension obligations	31.9	4.4
Provisions	63.6	55.7
Other liabilities	4.9	15.8
Non-current liabilities total	750.4	346.9
Current liabilities		
Provisions	22.2	38.3
Interest-bearing liabilities	100.4	75.2
Trade payables	94.4	67.5
Derivative financial instruments	25.2	180.5
Deferred income and advances received	424.6	374.8
Liabilities related to employee benefits	93.4	91.0
Other liabilities	161.1	148.7
Current liabilities total	921.3	976.0
Liabilities total	1,671.7	1,322.9
Equity and liabilities total	2,528.7	2,050.3
For the year ended 31 December		
	2016 (audited)	2015 (audited)
	<i>(in mill. EUR)</i>	<i>(in mill. EUR)</i>
CONSOLIDATED STATEMENT OF CASH FLOWS		
Cash flow from operating activities		
Result for the period	85.1	89.7
Depreciation and impairment	102.9	148.5
Other adjustments to result for the period		
Financial income and expenses	10.5	8.4
Share of results in associates and joint ventures	0.0	-0.1
Income taxes	20.6	23.6
EBITDA	219.2	270.2
Non-cash transactions*	-50.0	-137.5
Changes in working capital	55.5	43.1
Financial expenses paid, net	-5.0	-4.6
Income taxes paid	0.0	-0.2
Net cash flow from operating activities	219.7	171.0
Cash flow from investing activities		
Investments in intangible assets	-10.3	-4.3
Investments in tangible assets	-475.7	-352.5

		Divestments of fixed assets and group shares	153.2	448.1
		Net change in financial assets maturing after more than three months	-168.4	-14.4
		Change in non-current receivables	1.6	1.7
		Net cash flow from investing activities	-499.6	78.6
		Cash flow from financing activities		
		Proceeds from loans	377.4	0.0
		Loan repayments and changes	-115.1	-82.5
		Hybrid bond repayments	-38.3	-81.7
		Proceeds from hybrid bond	0.0	200.0
		Hybrid bond interests and expenses	-19.1	-17.6
		Purchase of own shares	-4.3	0.0
		Dividends paid	0.0	-0.2
		Net cash flow from financing activities	200.5	18.1
		Change in cash flows	-79.3	267.7
		Liquid funds, at beginning	457.7	190.1
		Change in cash flows	-79.3	267.7
		Liquid funds, at end **	378.4	457.7
		Notes to consolidated cash flow statement		
		* Non-cash transactions		
		Employee benefits	15.1	15.6
		Fair value changes in derivatives	-34.0	2.1
		Gains and losses on aircraft and other transactions	-30.4	-121.5
		Other adjustments	-0.6	-33.7
		Total	-50.0	-137.5
		** Liquid funds		
		Other financial assets	727.9	427.7
		Cash and cash equivalents	69.4	280.5
		Liquid funds in balance sheet	797.3	708.2
		Maturing after more than three months	-418.9	-250.5
		Total	378.4	457.7
		<p>Finnair sees appropriate to publish certain additional key figures in its financial statements in addition to IFRS key figures to describe its operational and financial performance, to provide a comparable view of its business and to enable better comparability relative to its peers operating in the airline industry. These additional key figures include for example comparable operating EBITDAR and result, adjusted interest-bearing net debt and adjusted gearing. The alternative key figures do not replace IFRS key figures. The following table sets forth the key figures of Finnair for the financial years ended 31 December 2016 and 2015.</p>		
			<p style="text-align: center;">For the year ended 31 December</p>	
			2016	2015
			(audited)	(audited)
			<i>(in mill. EUR)</i>	<i>(in mill. EUR)</i>
		KEY RATIOS		
		Revenue and result		
		Revenue, EUR million*	2,316.8	2,254.5 ¹
		Comparable operating result, EUR million**	55.2	23.7

		Operating result, EUR million	116.2	121.7
		Comparable EBITDAR, EUR million	270.4	231.2
		Net result, EUR million	85.1	89.7
		Balance sheet		
		Equity and non-controlling interests	857.0	727.5
		Equity and liabilities total	2,528.7	2,050.3
		Gross capital expenditure	518.9 ¹	329.7 ¹
		Average capital employed	1,324.2 ¹	1,007.8 ¹
		Dividend for the financial year*	12.7 ¹	0.0 ¹
		Interest-bearing liabilities	717.7 ¹	346.3 ¹
		Liquid funds	797.3 ¹	708.2 ¹
		Interest-bearing net debt	-95.8 ¹	-362.0 ¹
		Adjusted interest-bearing net debt	670.6 ¹	333.2 ¹
		Key figures		
		Basic and diluted earnings per share	0.55	0.57
		Equity/share	6.73 ¹	5.69 ¹
		Dividend/share*	0.10 ¹	0.00 ¹
		Dividend/earnings*	15.0 ¹	0.0 ¹
		Dividend yield*	2.5 ¹	0.0 ¹
		Cash flow from operating activities/share	1.73 ¹	1.34 ¹
		P/E ratio	7.32 ¹	9.46 ¹
		Adjusted net debt / Comparable EBITDAR	2.5 ¹	1.4 ¹
		Equity ratio	33.9 ¹	35.5 ¹
		Net debt-to-equity (Gearing)	-11.2 ¹	-49.8 ¹
		Adjusted gearing	78.3 ¹	45.8 ¹
		Return on equity (ROE)	10.7 ¹	14.4 ¹
		Return on capital employed (ROCE)	8.9 ¹	12.2 ¹
		Cash flow		
		Operational cash flow	219.7	171.0
		Traffic data and responsibility indicators		
		Passengers, 1,000	10,867 ¹	10,294 ¹
		Available seat kilometres (ASK), million	33,914 ¹	31,836 ¹
		Revenue passenger kilometres (RPK), million	27,065 ¹	25,592 ¹
		Available tonne kilometres (cargo ATK), million	1,464 ¹	1,380 ¹
		Revenue tonne kilometres (cargo RTK), million	873 ¹	787 ¹
		Personnel		
		Average number of employees	5,045 ¹	4,906 ¹
		<p>* The dividend for year 2016 is a proposal of the Board of Directors to the Annual General Meeting.</p> <p>** As from the first quarter of 2016 Finnair changed the name of its key figure “operational result” into “comparable operating result”. The purpose of this terminological change was to make a clearer distinction between operational result and operating result. The definition remains unchanged: As opposed to the IFRS operating result, comparable operational result excludes capital gains and losses, changes in the value of foreign currency denominated fleet maintenance reserves, changes in the unrealised fair value of derivatives and non-recurring items.</p> <p>¹ Unaudited.</p>		

		Calculation of key ratios	
	Comparable operating result:	Operating result excluding fair value changes in derivatives, changes in the exchange rates of fleet overhauls and items affecting comparability	
	Items affecting comparability:	Gains and losses on aircraft and other transactions and restructuring costs	
	Comparable EBITDAR:	Comparable operating result + depreciation and impairment + lease payments for aircraft	
	Shareholders' equity:	Equity attributable to owners of the parent	
	Gross capital expenditure:	Investments in intangible and tangible assets excluding advance payments	
	Liquid funds:	Cash and cash equivalents + other financial assets	
	Adjusted interest-bearing liabilities:	Interest-bearing liabilities + cross currency interest rate swaps in derivative financial instruments	
	Interest-bearing net debt:	Adjusted interest-bearing liabilities - liquid funds	
	Adjusted interest-bearing net debt:	Interest-bearing net debt + 7 x lease payments for aircraft	
	Average capital employed:	Equity + interest-bearing liabilities (average of reporting period and comparison period)	
	Earnings per share:	$\frac{\text{Result for the period - hybrid bond expenses net of tax}}{\text{Average number of shares during the period, adjusted for share issues}}$	
	Equity/share:	$\frac{\text{Shareholders' equity}}{\text{Number of shares at the end of period, adjusted for share issues}}$	
	Dividend/earnings, %:	$\frac{\text{Dividend / share}}{\text{Earnings / share}} \times 100$	
	Dividend yield, %:	$\frac{\text{Dividend / share}}{\text{Share price at the end of the financial year}} \times 100$	
	Cash flow from operating activities/share:	$\frac{\text{Cash flow from operating activities}}{\text{Average number of shares during the financial year, adjusted for share issues}}$	
	Price/earnings ratio (P/E):	$\frac{\text{Share price at the end of the financial year}}{\text{Earnings/share}}$	
	Equity ratio, %:	$\frac{\text{Shareholders' equity + non-controlling interest}}{\text{Balance sheet total}} \times 100$	
	Gearing, %:	$\frac{\text{Interest-bearing net debt}}{\text{Shareholders' equity + non-controlling interest}} \times 100$	
	Adjusted gearing, %:	$\frac{\text{Adjusted net debt}}{\text{Shareholders' equity + non-controlling interest}} \times 100$	

		<p>Return on equity (ROE), %: $\frac{\text{Result for the period, LTM}}{\text{Shareholders' equity} + \text{non-controlling interest (average)}} \times 100$</p> <p>Return on capital employed (ROCE), %: $\frac{\text{Result before taxes, LTM} + \text{financial expenses, LTM}}{\text{Average capital employed}} \times 100$</p> <p>Available seat kilometres (ASK): Total number of seats available × kilometres flown</p> <p>Revenue passenger kilometres (RPK): Number of revenue passengers × kilometres flown</p> <p>Available tonne kilometres (cargo ATK): Number of tonnes of capacity for carriage of cargo and mail × kilometres flown</p> <p>Revenue tonne kilometres (cargo RTK): Total revenue load consisting of cargo and mail × kilometres flown</p>
B.13	Recent events materially relevant to evaluation of the Issuer's solvency	There are no recent events materially relevant to the evaluation of the Issuer's solvency.
B.14	Dependency of the Issuer on other entities within the group	The Issuer's subsidiaries provide support services to the Issuer 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.
B.15	Description of the Issuer's principal activities	Finnair operates passenger, charter and cargo traffic, owns and leases aircraft as well as provides travel services and other services relating to airline operations. Finnair flies to 90 destinations in Finland, Europe, Asia and North America.
B.16	Description of whether the Issuer is directly or indirectly owned or controlled and by whom and nature of such control	The State of Finland owns 55.81 per cent of the issued and outstanding shares and votes in the Issuer. The Issuer is thus directly controlled by the State of Finland. The Issuer is not aware of any arrangement the operation of which may result in a change of control of the Issuer.
B.17	Issuer ratings	Not applicable.

<i>Section C — Securities</i>		
C.1	Type and class of securities	Senior unsecured notes with an aggregate principal amount of EUR 200,000,000. The ISIN code of the Notes is FI4000251756.
C.2	Currency of the securities issue	The currency of the Offering is euro.

C.5	Restrictions on the free transferability of the securities	Not applicable. Each Note will be freely transferable after it has been registered into the respective book-entry account.
C.8	Rights attached to the securities; ranking	<p>The holders of the Notes have the right to attend the Noteholders' Meeting or the Procedure in Writing.</p> <p>The Notes constitute direct, unsecured and unguaranteed obligations of the Issuer ranking <i>pari passu</i> among themselves and at least <i>pari passu</i> with the unsecured obligations of the Issuer, save for obligations which are preferred by mandatory provisions of law.</p>
C.9	Interest and yield; name of representative of debt security holders	<p>The Notes bear fixed interest at the rate of 2.250 per cent, per annum.</p> <p>The interest on the Notes will be paid annually in arrears commencing on 29 March 2018 and thereafter on each 29 March ("Interest Payment Date") until the Notes have been repaid in full.</p> <p>Interest shall accrue for each interest period from and including the first day of the interest period to (but excluding) the last day of the interest period on the principal amount of Notes outstanding from time to time. The first interest period commences on the Issue Date and ends on the first Interest Payment Date. Each consecutive interest period begins on the previous Interest Payment Date and ends on the following Interest Payment Date. The last interest period ends on the date when the Notes have been repaid in full.</p> <p>Interest in respect of the Notes shall be calculated on the basis of the actual number of days elapsed in the relevant interest period divided by 365, or, in the case of a leap year, 366 (Actual / Actual ICMA).</p> <p>At the issue price of 99.925 per cent, the effective yield of the Notes is 2.266 per cent per annum.</p>
C.10	Explanation on how the interest amount is affected by value of the underlying	Not applicable. The Notes have no derivative component in the interest payment.
C.11	Admission to trading	The Company has made an application for the admission of the Notes to public trading on the Helsinki Stock Exchange, and the Listing is expected to take place on or about 31 March 2017.

Section D — Risks		
D.2	Risks specific to the issuer, its operating environment and business	<p>There are risks relating to the Company as an issuer and to its operating environment and business as well as to the Offering and the Notes issued thereunder. The risk factors relating to the Company as an issuer and to its operating environment and business are listed below. This listing is not exhaustive and additional risks and uncertainties not presently known to the Company, or that the Company currently believes are immaterial, could also impair the Company's business, results of operations and financial condition or an investment in the Company.</p> <p>The risks relating to the airline industry include the following factors:</p> <ul style="list-style-type: none"> – Airline operating results are sensitive to macroeconomic and geopolitical conditions which can have a significant impact on the demand for air transportation. – Competition in the airline industry is intense.

		<ul style="list-style-type: none"> – Finnair is exposed to risks associated with jet fuel price trends and availability of jet fuel. – The airline industry is characterised by low profit margins and high fixed costs. – Terrorist attacks, or the threat of such attacks, political uprisings and armed conflicts could result in a significant reduction in airline passenger travel. – Finnair’s revenue and profits are susceptible to seasonal fluctuations and cyclical changes. – Finnair is exposed to the risk of significant losses from natural disasters, epidemics and/or pandemics as well as adverse effects of extreme weather conditions. – 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. – Airline insurance may become too difficult or expensive to obtain which could expose Finnair to substantial loss and may force it to cease operations. <p>Regulatory risks include the following factors:</p> <ul style="list-style-type: none"> – Changes to the bilateral agreements or the trade relationship between the EU and non-EU countries may have a material adverse effect on the business, financial condition or results of operations of Finnair. – The EU Court rulings on compensations for delayed flights may result in additional costs for Finnair. – The adoption of new national, regional and international regulations or revisions to existing regulations may have a material adverse effect on Finnair. – Violation of data protection regulation could trigger claims for damages and adversely affect Finnair’s reputation. – Airlines may be adversely affected by any future application of restrictions in regard to pollution, greenhouse gas emissions, noise and other environmental laws and regulations. <p>The risks relating to Finnair’s business operations include the following factors:</p> <ul style="list-style-type: none"> – Finnair’s business operations and its growth strategy are dependent on the ability of Helsinki Airport to accommodate the increasing air traffic to the airport. – Finnair’s business, financial condition and results of operations will be affected by the implementation success of its strategy. – Finnair is dependent on third-party suppliers, which may expose it to the risk that quality and availability issues and/or unexpected costs associated with third-party suppliers and their products and services could have an adverse effect on Finnair. – 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. – Finnair is dependent on the uninterrupted operation and security of information technology systems. – Any deterioration in brand image or consumer confidence in Finnair’s brand may adversely affect Finnair’s ability to market its services and attract and retain customers. – Finnair is dependent on its capability to attract, train and retain qualified airline personnel. – 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.
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		<ul style="list-style-type: none"> – Possible litigation and arbitration proceedings may have a material adverse effect on Finnair. <p>The risks relating to Finnair’s financing include the following factors:</p> <ul style="list-style-type: none"> – Exchange rate fluctuations may affect Finnair’s financial condition or results of operations. – Finnair is exposed to interest rate risk on its floating rate borrowing and aircraft leases. – Changes in the market price of derivatives may involve risks. – Insufficient access to capital may threaten Finnair’s capacity to grow, execute its business model and generate future financial returns. – The amount of indebtedness that Finnair currently has and which it may incur in the future could have a material adverse effect on Finnair. – The Issuer’s majority shareholders’ interest may not align with the interest of the holders of the Notes. – Future changes in accounting standards may affect Finnair’s financial position. – Finnair’s historical earnings and other historical financial data are not necessarily predictive of earnings or other key financial figures of Finnair going forward.
D.3	Risks specific to the securities	<p>There are risks relating to the Company as an issuer and to its operating environment and business, as well as to the Offering and the Notes issued thereunder. The risk factors relating to the Offering and the Notes issued thereunder are listed below. This listing is not exhaustive and additional risks and uncertainties not presently known to the Company, or that the Company currently believes are immaterial, could also impair the Company’s business, results of operations and financial condition or an investment in the Company.</p> <p>The risks relating to the Offering and the Notes include the following factors:</p> <ul style="list-style-type: none"> – The Notes may not be a suitable investment for all investors. – Possibility to forfeit interest and principal amount invested. – Investors of the Notes are exposed to credit risk in respect of the Issuer. – Exchange rate risk and exchange controls. – No guarantee or security. – Secured creditors will have prior claim to the Issuer’s assets that constitute their collateral as compared to holders of the Notes. – An active trading market for the Notes may not develop. – Since the Notes bear a fixed interest rate, their price may fall as a result of changes in the interest rates. – Market value of the Notes may be affected by several factors. – The Issuer has not commissioned any credit rating for the Notes or for itself. – The completion of transactions relating to the Notes is dependent on Euroclear Finland Ltd.’s operations and systems. – No assurance as to the impact of change of laws or practices. – The Notes do not, as a rule, 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 Notes and the Noteholders. – The Issuer may have an obligation to redeem and purchase the Notes prior to maturity.

		<ul style="list-style-type: none"> – The Issuer has the right to redeem and purchase the Notes prior to maturity. – The Issuer may not be able to finance the repurchase of Notes following a Change of Control or Demerger event. – Amendments to the Notes bind all Noteholders. – The right to payment under the Notes may become void due to prescription. – The Notes carry no voting rights at the Issuer's General Meeting of Shareholders. – The Issuer may raise or issue additional debt without the consent of the holders of the Notes. – The Issuer is not obliged to compensate for withholding tax or similar on the Notes. – Lead Managers may have a potential conflict of interest. – Legal investment considerations may restrict certain investments.
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<i>Section E — Offer</i>		
E.2b	Reasons for the Offering and use of proceeds	The aggregate net proceeds to the Company from the Offering, after deduction of the fees and expenses payable by the Issuer, will be approximately EUR 199,200,000. The proceeds have on the Issue Date been used for the partial redemption of the Existing Notes that were offered for purchase on the basis of the Tender Offer. The remaining proceeds are intended to be used for general corporate purposes.
E.3	Terms and conditions of the Offering	<p>Issuer: Finnair Plc, a public limited company incorporated in Finland.</p> <p>Lead Managers: Danske Bank A/S and Nordea Bank AB (publ)</p> <p>Aggregate principal amount: EUR 200,000,000.</p> <p>Issue date: 29 March 2017.</p> <p>Redemption Date: 29 March 2022.</p> <p>Interest payment dates: Annually in arrears commencing on 29 March 2018 and thereafter each 29 March.</p> <p>Interest: 2.250 % per annum</p> <p>Effective yield of the Notes on the Issue Date: At the issue price of 99.925 per cent, 2.266 per cent per annum.</p> <p>Redemption: At par, bullet, on Redemption Date.</p> <p>Denominations: Minimum subscription is EUR 100,000 and the denomination of each book-entry unit is EUR 1,000.</p> <p>Use of proceeds: The proceeds have on the Issue Date been used for the partial redemption of the Existing Notes that were offered for purchase on the basis of the Tender Offer. The remaining proceeds are intended to be used for general corporate purposes.</p> <p>Status: Senior, unsecured, unsubordinated.</p> <p>Rating: Unrated.</p> <p>Covenants, mandatory repurchase and events of default: Change of Control, Demerger, Negative Pledge, Non-payment, Cessation of Business, Winding-up, Cross Default, Insolvency.</p> <p>Listing: The Notes are expected to be listed on the Helsinki Stock Exchange on or about 31 March 2017.</p>

		<p>Clearing: The Notes are issued dematerialised form in the Infinity-book-entry securities system of Euroclear Finland Ltd. The registered address of Euroclear Finland Ltd is Urho Kekkosen katu 5 C, FI-00100, Helsinki, Finland.</p> <p>Applicable law: Finnish law.</p> <p>ISIN code: FI4000251756.</p>
E.4	Material interests	Interests of the Lead Managers: Business interest normal in the financial markets.
E.7	Estimated expenses charged to the investor	Not applicable. There are no expenses charged to the investors by the Company.

TIIVISTELMÄ

Tiivistelmät laaditaan tiedonantovelvollisuuksien mukaisesti ”Osatekijöittäin”. Nämä Osatekijät on numeroitu jaksoiksi A – E (A.1 – E.7).

Tämä tiivistelmä sisältää kaikki ne Osatekijät, jotka on sisällytettävä tällaisia arvopapereita ja tällaista liikkeeseenlaskijaa varten laadittuun tiivistelmään. Koska kaikkien Osatekijöiden käsittelyä ei vaadita, Osatekijöiden numeroinnissa voi olla aukkoja.

Vaikka Osatekijä olisikin sisällytettävä tiivistelmään arvopapereiden tai liikkeeseenlaskijan tyyppin vuoksi, on mahdollista, että Osatekijän osalta ei ole annettavissa mitään relevanttia tietoa. Tällaisessa tapauksessa tiivistelmään on sisällytetty Osatekijästä lyhyt kuvaus sekä maininta ”ei sovelleta”.

Jakso A – Johdanto ja varoitukset		
A.1	Varoitus	<p>Tätä tiivistelmää tulee pitää Listalleottoesitteen johdantona. Sijoittajan tulee perustaa Velkakirjoja koskeva sijoituspäätöksensä Listalleottoesitteessä esitettyihin tietoihin kokonaisuutena.</p> <p>Jos tuomioistuimessa pannaan vireille Listalleottoesitteeseen sisältyviä tietoja koskeva kanne, kantajana toimiva sijoittaja voi sovellettavan lainsäädännön mukaan joutua ennen oikeudenkäynnin vireillepanoa vastaamaan Listalleottoesitteen käännöskustannuksista. Liikkeeseenlaskija vastaa siviilioikeudellisesti tästä tiivistelmästä ja sen käännöksestä vain, jos tiivistelmä on harhaanjohtava, epätarkka tai epä johdonmukainen luettuna yhdessä Listalleottoesitteen muiden osien kanssa tai jos tiivistelmässä ei anneta yhdessä Listalleottoesitteen muiden osien kanssa keskeisiä tietoja sijoittajien auttamiseksi, kun he harkitsevat sijoittamista Yhtiön Velkakirjoihin.</p>
A.2	Esitteen laatimisesta vastaavan suostumus esitteen käyttöön	Ei sovelleta.

Jakso B – Liikkeeseenlaskija		
B.1	Virallinen nimi ja muu liiketoiminnassa käytetty toiminimi	Finnair Oyj.
B.2	Asuinpaikka/oikeudellinen muoto/sovellettava laki/liikkeeseenlaskijan perustamismaa	Liikkeeseenlaskijan kotipaikka on Helsinki, Suomi. Liikkeeseenlaskija on julkinen osakeyhtiö, joka on perustettu Suomessa ja sen toimintaan sovelletaan Suomen lakia.

B.4b	Merkittävimmät mahdolliset tiedossa olevat suuntaukset	Globaalilla lentoliikennealalla on käynnissä rakennemuutos, jolle on tyypillistä markkinoiden vapautuminen, koveneva kilpailu erityisesti uuden sukupolven halpalentoyhtiöiden taholta, ylikapasiteetti, konsolidoituminen, allianssit ja erikoistuminen. IATA odottaa lentoliikennealan näkymiin epävakautta öljyn alhaisen hinnan tuottaman hintakannustimen poistuessa, Brexitin vaikutusten ollessa epäselviä samanaikaisesti kun maailmankauppa pysyy heikkona. Airbusin mukaan lentoliikenteen pitkän aikavälin kasvumahdollisuudet ovat kuitenkin hyvät. Airbus ennustaa 4,5 prosentin vuosittaista globaalia kasvua lentoliikenteeseen vuosina 2016 – 2035. Edelleen Airbus arvioi myytyjen henkilökilometrien kasvavan 3,4 prosenttia vuosittain Pohjois-Amerikassa ja Euroopassa ja 5,5 prosenttia vuosittain Aasian ja Tyynenmeren alueella. Airbusin mukaan muun muassa kaupungistuminen, kasvava keskiluokka etenkin kehittyvillä ilmailumarkkinoilla, markkinoiden vapautuminen ja turismi edistävät lentoliikenteen kasvua.																																																
B.5	Konserni	<p>Liikkeeseenlaskija on Finnair -konsernin emoyhtiö. Liikkeeseenlaskijan organisaatio koostuu Kaupallisesta yksiköstä, Asiakaskokemuksesta, Operatiivisesta yksiköstä ja Yhteisistä toiminnoista. Finnairin konsernihallintoon kuuluvat yhteiset toiminnot ovat Talous, Henkilöstöhallinto, Viestintä ja Yhteiskuntavastuu, Lakiasiat ja Sisäinen Tarkastus.</p> <p>Liikkeeseenlaskijan tytäryhtiöt tarjoavat tukitoimia Liikkeeseenlaskijalle tai toimivat läheisillä toimialoilla. Liikkeeseenlaskijan suurimmat tytäryhtiöt ovat Finnair Cargo Oy, Finnair Aircraft Finance Oy ja Oy Aurikommatkat – Suntours Ltd Ab. Liikkeeseenlaskijan tytäryhtiöt on lueteltu seuraavassa taulukossa:</p> <table><tr><th>Yhtiön nimi</th><th>Konsernin omistus osuus %</th><th>Yhtiön nimi</th><th>Konsernin omistus osuus %</th></tr><tr><td>Finnair Cargo Oy, Suomi</td><td>100.0</td><td>A/S Aero Airlines, Viro</td><td>100.0</td></tr><tr><td>Finnair Aircraft Finance Oy, Suomi</td><td>100.0</td><td>Balticport Oü, Viro</td><td>100.0</td></tr><tr><td>Finnair ATR Finance Oy, Suomi</td><td>100.0</td><td>LSG Sky Chefs Finland Oy, Suomi *</td><td>100.0</td></tr><tr><td>Finnair Technical Services Oy, Suomi</td><td>100.0</td><td>Amadeus Finland Oy, Suomi</td><td>95.0</td></tr><tr><td>Finnair Engine Services Oy, Suomi</td><td>100.0</td><td>Oy Aurinkomatkat - Suntours Ltd Ab, Suomi</td><td>100.0</td></tr><tr><td>Finnair Travel Retail Oy, Suomi</td><td>100.0</td><td>Aurinko Oü, Viro</td><td>100.0</td></tr><tr><td>Finnair Flight Academy Oy, Suomi</td><td>100.0</td><td>Matkayhtymä Oy, Suomi</td><td>100.0</td></tr><tr><td>Kiinteistö Oy Lentokonehuolto, Suomi</td><td>100.0</td><td>OOO Aurinko, Venäjä</td><td>100.0</td></tr><tr><td>Northport Oy, Suomi</td><td>100.0</td><td>FTS Financial Services Oy, Suomi</td><td>100.0</td></tr><tr><td>Kiinteistö Oy LEKO 8, Suomi</td><td>100.0</td><td>Back Office Services Estonia Oü, Viro</td><td>100.0</td></tr><tr><td>Kiinteistö Oy Air Cargo Center 1, Suomi</td><td>100.0</td><td></td><td></td></tr></table>	Yhtiön nimi	Konsernin omistus osuus %	Yhtiön nimi	Konsernin omistus osuus %	Finnair Cargo Oy, Suomi	100.0	A/S Aero Airlines, Viro	100.0	Finnair Aircraft Finance Oy, Suomi	100.0	Balticport Oü, Viro	100.0	Finnair ATR Finance Oy, Suomi	100.0	LSG Sky Chefs Finland Oy, Suomi *	100.0	Finnair Technical Services Oy, Suomi	100.0	Amadeus Finland Oy, Suomi	95.0	Finnair Engine Services Oy, Suomi	100.0	Oy Aurinkomatkat - Suntours Ltd Ab, Suomi	100.0	Finnair Travel Retail Oy, Suomi	100.0	Aurinko Oü, Viro	100.0	Finnair Flight Academy Oy, Suomi	100.0	Matkayhtymä Oy, Suomi	100.0	Kiinteistö Oy Lentokonehuolto, Suomi	100.0	OOO Aurinko, Venäjä	100.0	Northport Oy, Suomi	100.0	FTS Financial Services Oy, Suomi	100.0	Kiinteistö Oy LEKO 8, Suomi	100.0	Back Office Services Estonia Oü, Viro	100.0	Kiinteistö Oy Air Cargo Center 1, Suomi	100.0		
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		<p>* LSG Sky Chefs Finland Oy on Liikkeeseenlaskija sata prosenttisesti omistama tytäryhtiö, mutta määräysvalta yhtiössä on LSG Groupilla. LSG Groupilla on ollut optio ostaa osakkeet, mutta vuoden 2016 lopussa LSG Group päätti olla käyttämättä optiotaan ostaa LSG Sky Chefs Finland Oy. Tämän seurauksena Liikkeeseenlaskija ja LSG käynnistivät neuvottelut koskien LSG SkyChefs Finland Oy:n määräysvallan palauttamista Finnairille, mikä mahdollistaa sen, että Finnair voi muodostaa uusia yhteistyömalleja catering -palveluissa..</p>																																							
B.9	Tulosennuste ja -arvio	<p>Tilinpäätöstään 1.1.–31.12.2016 koskevassa pörssitiedotteessa, joka on päivätty 15.2.2017, Liikkeeseenlaskija on julkaissut seuraavat tiedot koskien lähiajan näkymiään:</p> <p>Matkustaja- ja rahtiliikenteen kysyntänäkymiin Finnairin päämarkkina-alueilla liittyy edelleen epävarmuutta. Finnair arvioi, että laivaston uusimisen ja uusien lentokoneiden käyttöönoton myötä sen kapasiteetti kasvaa 8 – 10 prosenttia vuonna 2017 painottuen voimakkaasti vuoden jälkipuoliskoon. Liikevaihdon arvioidaan kasvavan kapasiteetin kasvua hitaammin heijastaen markkinakapasiteetin kasvua olennaisilla markkinoilla.</p> <p>Tiedonantopolitiikkansa mukaisesti Finnair antaa koko vuoden toiminnallisen tuloksen kehitystä kuvaavan ennusteen puolivuosisikatsauksen yhteydessä heinäkuussa.</p>																																							
B.10	Tilintarkastuskertomuksessa esitetyt muistutukset	Ei sovelleta. Tilintarkastuskertomukset eivät sisällä muistutuksia.																																							
B.12	Ei merkittäviä kielteisiä muutoksia eikä merkittäviä muutoksia Keskeiset taloudelliset tiedot	<p>Liikkeeseenlaskijan kehitysnäkymissä ei ole tapahtunut merkittäviä kielteisiä muutoksia viimeisen tarkastetun ja julkaistun tilinpäätöksen päivämäärän jälkeen.</p> <p>Liikkeeseenlaskijan taloudellisessa tai liiketoiminnallisessa asemassa ei ole tapahtunut merkittäviä muutoksia 31.12.2016 jälkeen.</p> <p>Alla on esitetty yhteenveto Finnairin konsolidoidusta taloudellisesta informaatiosta 31.12.2016 ja 31.12.2015 päättyneiltä tilikausilta. Tämän yhteenvedon informaatio on johdettu Finnairin tilintarkastetusta konsernitilinpäätöksestä 31.12.2016 päättyneeltä tilikaudelta, joka on sisällytetty tähän Listalleottoesitteeseen viittaamalla. Tietoja tulee tarkastella yhdessä tilinpäätöstietojen ja niiden liitetietojen kanssa. Finnairin konsernitilinpäätös on laadittu kansainvälisten tilinpäätösstandardien (IFRS) mukaisesti siten, kuin Euroopan Unioni on ne hyväksynyt. Ellei ole toisin ilmoitettu, alla olevissa taulukoissa 31.12.2016 ja 31.12.2015 päättyneiltä tilikausilta esitetyt tiedot ovat tilintarkastettuja. Konsernin tuloslaskelma 31.12.2015 päättyneeltä tilikaudelta on tilintarkastamaton, koska Finnair muutti liikevaihtonsa laskentaa vuoden 2016 ensimmäisellä neljänneksellä niin, että lentokoneiden lease tuottoja ei enää sisällytetty konsernin liikevaihtoon vaan liiketoiminnan muihin tuottoihin.</p> <table> <tr> <th></th><th colspan="2">1.1. – 31.12.</th></tr> <tr> <th></th><th>2016</th><th>2015</th></tr> <tr> <th></th><th>(tilintar-</th><th>(tilintar-</th></tr> <tr> <th></th><th>kastettu)</th><th>kastamato</th></tr> <tr> <th></th><th>(Milj.</th><th>(Milj.</th></tr> <tr> <th></th><th>euroa)</th><th>euroa)</th></tr> <tr> <td>KONSERNIN TULOSLASKELMA</td><td></td><td></td></tr> <tr> <td>Liikevaihto</td><td>2.316,8</td><td>2.254,5</td></tr> <tr> <td>Liiketoiminnan muut tuotot</td><td>75,5</td><td>85,2</td></tr> <tr> <td>Liiketoiminnan kulut</td><td></td><td></td></tr> <tr> <td>Henkilöstökulut</td><td>-362,5</td><td>-353,2</td></tr> <tr> <td>Polttoainekulut</td><td>-491,5</td><td>-595,5</td></tr> <tr> <td>Muut vuokrat</td><td>-167,4</td><td>-159,4</td></tr> </table>		1.1. – 31.12.			2016	2015		(tilintar-	(tilintar-		kastettu)	kastamato		(Milj.	(Milj.		euroa)	euroa)	KONSERNIN TULOSLASKELMA			Liikevaihto	2.316,8	2.254,5	Liiketoiminnan muut tuotot	75,5	85,2	Liiketoiminnan kulut			Henkilöstökulut	-362,5	-353,2	Polttoainekulut	-491,5	-595,5	Muut vuokrat	-167,4	-159,4
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Lentokaluston huoltokulut	-147,3	-118,9
Liikennöimismaksut	-262,8	-258,5
Maaselvitys- ja cateringkulut	-258,9	-250,3
Valmismatkatuotannon kulut	-87,8	-79,6
Myynti- ja markkinointikulut	-76,9	-74,0
Muut kulut	-266,6	-219,3
Vertailukelpoinen EBITDAR	270,4	231,2
Lentokaluston leasemaksut	-109,5	-99,3
Poistot ja arvonalentumiset	-105,8	-108,1
Vertailukelpoinen liikutulos	55,2	23,7
Johdannaisten käyvän arvon muutokset ja lentokaluston huoltojen valuuttakurssimuutokset	32,0	-12,3
Vertailukelpoisuuteen vaikuttavat erät	29,0	110,2
Liikutulos	116,2	121,7
Rahoitustuotot	1,0	1,3
Rahoituskulut	-11,5	-9,7
Osuus osakkuus- ja yhteisyritysten tuloksista	0,0	0,1
Tulos ennen veroja	105,8	113,3
Tuloverot	-20,6	-23,6
Kauden tulos	85,1	89,7
Jakautuminen		
Emoyhtiön omistajille	85,1	89,4
Määräysvallattomille omistajille	0,0	0,3
Emoyhtiön omistajille kuuluva osakekohtainen tulos, euroa (laimentamaton ja laimennettu)	0,55	0,57
1.1. – 31.12		
2016 2015		
(tilintar- (tilintar-		
kastettu) kastettu)		
<i>(in mill. (in mill.</i>		
<i>EUR) EUR)</i>		
KONSERNIN LAAJA TULOSLASKELMA		
Kauden tulos	85,1	89,7
Muut laajan tuloksen erät		
Erät, jotka saatetaan myöhemmin siirtää tulosvaikutteisiksi		
Suojausinstrumenttien käyvän arvon muutos	145,2	-14,1
Muuntoerot	0,0	0,6
Verovaikutus	-29,0	2,8
Erät, joita ei siirretä tulosvaikutteisiksi		
Etuuspohjaisten järjestelyiden vakuutusmatemaattinen voitto/tappio	-18,1	37,7
Verovaikutus	3,6	-7,5
Muut laajan tuloksen erät yhteensä	101,7	19,5
Tilikauden laaja tulos	186,9	109,2
Jakautuminen		
Emoyhtiön omistajille	186,9	108,9
Määräysvallattomille omistajille	0,0	0,3
31.12.		
2016 2015		
(tilintar- (tilintar-		
kastettu) kastettu)		
<i>(Milj. (Milj.</i>		
<i>euroa) euroa)</i>		

KONSERNIN TASE		
VARAT		
Pitkäaikaiset varat		
Aineettomat hyödykkeet	12,4	9,5
Aineelliset käyttöomaisuushyödykkeet	1.166,5	811,6
Osuudet osakkuus- ja yhteisyrityksissä	2,5	2,6
Laina- ja muut saamiset	7,4	8,7
Laskennalliset verosaamiset	0,0	9,1
Pitkäaikaiset varat yhteensä	1,188,7	841,5
Lyhytaikaiset varat		
Vaihto-omaisuus	14,9	11,8
Myyntisaamiset ja muut saamiset	211,9	208,5
Johdannaissopimuksiin perustuvat saamiset	176,6	155,8
Muut rahoitusvarat	727,9	427,7
Rahat ja pankkisaamiset	69,4	280,5
Lyhytaikaiset varat yhteensä	1.200,7	1.084,3
Myytävänä olevat omaisuuserät	139,3	124,5
Varat yhteensä	2.528,7	2.050,3
OMA PÄÄOMA JA VELAT		
Emoyhtiön Omistajille kuuluva oma pääoma		
Osakepääoma	75,4	75,4
Muu oma pääoma	781,6	652,0
Oma pääoma yhteensä	857,0	727,5
Pitkäaikaiset varat		
Laskennalliset verovelat	32,7	0,0
Korolliset velat	617,3	271,0
Eläkevelvoitteet	31,9	4,4
Varaukset	63,6	55,7
Muut velat	4,9	15,8
Pitkäaikaiset velat yhteensä	750,4	346,9
Lyhytaikaiset velat		
Varaukset	22,2	38,3
Korolliset velat	100,4	75,2
Ostovelat	94,4	67,5
Johdannaissopimuksiin perustuvat velat	25,2	180,5
Myyntin siirtovelat ja myynnistä saadut ennakot	424,6	374,8
Työsuhde-etuuksiin liittyvät velat	93,4	91,0
Muut velat	161,1	148,7
Lyhytaikaiset velat yhteensä	921,3	976,0
Velat yhteensä	1.671,7	1.322,9
Oma pääoma ja velat yhteensä	2.528,7	2.050,3
1.1. – 31.12.		
2016		
(tilintar-		
kastettu)		
(Milj.		
euroa)		
2015		
(tilintar-		
kastettu)		
(Milj.		
euroa)		
KONSERNIN RAHAVIRTALASKELMA		
Liiketoiminnan rahavirta		
Kauden tulos	85,1	89,7
Poistot ja arvonalentumiset	102,9	148,5

		Muut oikaisut kauden tuloksesta		
		Rahoitustuotot ja -kulut	10,5	8,4
		Osuus osakkuus- ja yhteisyritysten tuloksista	0,0	-0,1
		Tuloverot	20,6	23,6
		EBITDA (Käyttökate)	219,2	270,2
		Liiketahtumat, joihin ei sisälly maksua*	-50,0	-137,5
		Käyttöpääoman muutos	55,5	43,1
		Maksetut rahoituskulut, netto	-5,0	-4,6
		Maksetut tuloverot	0,0	-0,2
		Liiketoiminnan nettorahavirta	219,7	171,0
		Investointien rahavirta		
		Investoinnit aineettomiin hyödykkeisiin	-10,3	-4,3
		Investoinnit aineellisiin hyödykkeisiin	-475,7	-352,5
		Käyttöomaisuushyödykkeiden ja tytärtyhtiöosakkeiden myynti	153,2	448,1
		Yli kolmen kuukauden päästä erääntyvien korkosijoitusten nettomuutos	-168,4	-14,4
		Pitkäaikaisten saamisten muutos	1,6	1,7
		Investointien nettorahavirta	-499,6	78,6
		Rahoituksen rahavirta		
		Lainojen nostot	377,4	0,0
		Lainojen takaisinmaksut ja muutokset	-115,1	-82,5
		Oman pääoman ehtoisen lainan takaisinmaksut	-38,3	-81,7
		Oman pääoman ehtoisen lainan nostot	0,0	200,0
		Oman pääoman ehtoisen lainan korot ja kulut	-19,1	-17,6
		Omien osakkeiden osto	-4,3	0,0
		Maksetut osingot	0,0	-0,2
		Rahoituksen nettorahavirta	200,5	18,1
		Rahavirtojen muutos	-79,3	267,7
		Rahavarat tilikauden alussa	457,7	190,1
		Rahavirtojen muutos	-79,3	267,7
		Rahavarat kauden lopussa**	378,4	457,7
		Konsernin rahavirtalaskelman liitetiedot		
		* Liiketahtumat, joihin ei sisälly maksua		
		Työsuhde-etuudet	15,1	15,6
		Johdannaisten käyvän arvon muutokset	-34,0	2,1
		Lentokone- ja muiden transaktioiden voitot ja tappiot	-30,4	-121,5
		Muut oikaisut	-0,6	-33,7
		Yhteensä	-50,0	-137,5
		** Rahavarat		
		Muut rahoitusvarat	727,9	427,7
		Rahat ja pankkisaamiset	69,4	280,5
		Rahavarat taseessa	797,3	708,2
		Yli kolmen kuukauden päästä erääntyvä	-418,9	-250,5
		Yhteensä	378,4	457,7
		Finnair katsoo tarkoituksenmukaiseksi julkaista tilinpäätöksessään joitakin vaihtoehtoisia tunnuslukuja IFRS-tunnuslukujen lisäksi kuvaamaan liiketoiminnan ja rahoitusaseman kehittymistä, antaakseen vertailukelpoisen kuvan liiketoiminnasta sekä mahdollistaakseen paremman vertailun muihin		

ilmailutoimialan yhtiöihin. Näitä vaihtoehtoisia tunnuslukuja ovat esim. vertailukelpoinen EBITDAR ja tulos, oikaistu korollinen nettovelka sekä oikaistu nettovelkaantumisaste. Vaihtoehtoiset tunnusluvut eivät korvaa IFRS:n mukaisia tunnuslukuja. Alla olevassa taulukossa on esitetty Finnairin tunnusluvut 31.12.2016 ja 31.12.2015 päättyneiltä tilikausilta.

	1.1. – 31.12.	
	2016 (tilintar- kastettu) (Milj. euroa)	2015 (tilintar- kastettu) (Milj. euroa)
AVAINLUVUT		
Liikevaihto ja tulos		
Liikevaihto, miljoonaa euroa	2.316,8	2.254,5 ¹
Vertailukelpoinen liike-tulos, miljoonaa euroa**	55,2	23,7
Liike-tulos, miljoonaa euroa	116,2	121,7
Vertailukelpoinen EBITDAR, miljoonaa euroa	270,4	231,2
Tilikauden tulos, miljoonaa euroa	85,1	89,7
Tase		
Oma pääoma ja määräysvallattomien omistajien osuus	857,0	727,5
Oma pääoma ja velat yhteensä	2.528,7	2.050,3
Bruttoinvestoinnit ilman ennakkoja	518,9 ¹	329,7 ¹
Sijoitettu pääoma keskimäärin	1.324,2 ¹	1.007,8 ¹
Osingot tilikaudelta*	12,7 ¹	0,0 ¹
Korolliset velat	717,7 ¹	346,3 ¹
Likvidit varat	797,3 ¹	708,2 ¹
Korollinen nettovelka	-95,8 ¹	-362,0 ¹
Oikaistu korollinen nettovelka	670,6 ¹	333,2 ¹
Tunnusluvut		
Laimentamaton ja laimennettu osakekohtainen tulos	0,55	0,57
Oma pääoma/osake	6,73 ¹	5,69 ¹
Osinko/osake*	0,10 ¹	0,00 ¹
Osinko tuloksesta*	15,0 ¹	0,0 ¹
Efektiiivinen osinkotuotto*	2,5 ¹	0,0 ¹
Liiketoiminnan rahavirta/osake	1,73 ¹	1,34 ¹
Hinta/voitto-suhde, P/E	7,32 ¹	9,46 ¹
Oikaistu nettovelka / Vertailukelpoinen EBITDAR	2,5 ¹	1,4 ¹
Omavaraisuusaste	33,9 ¹	35,5 ¹
Nettovelkaantumisaste	-11,2 ¹	-49,8 ¹
Oikaistu nettovelkaantumisaste	78,3 ¹	45,8 ¹
Oman pääoman tuotto	10,7 ¹	14,4 ¹
Sijoitetun pääoman tuotto	8,9 ¹	12,2 ¹
Rahavirta		
Liiketoiminnan nettorahavirta	219,7	171,0
Liikennesuoritteet ja vastuullisuusindikaattorit		
Matkustajat, 1.000	10.867 ¹	10.294 ¹
Tarjotut henkilökilometrit (ASK), miljoona	33.914 ¹	31.836 ¹
Myydyt henkilökilometrit (RPK), miljoona	27.065 ¹	25.592 ¹

		Tarjotut rahtitonnikilometrit (rahti ATK), miljoona	1.464 ¹	1.380 ¹
		Myydyt rahtitonnikilometrit (rahti RTK), miljoona	873 ¹	787 ¹
		Henkilöstö		
		Henkilöstö, keskimäärin	5.045 ¹	4.906 ¹
		<p>* Tilikauden 2016 osinko on hallituksen esitys yhtiökokoukselle.</p> <p>** Vuoden 2016 ensimmäisestä neljänneksestä alkaen Finnair muutti tunnuslukunsa "toiminnallinen liike-tulos" nimen "vertailukelpoiseksi liike-tulokseksi". Terminologisen muutoksen tarkoituksena oli tehdä selkeämpi ero liiketoiminnan tuloksen ja liike-tuloksen välillä. Määritelmä pysyy muuttumattomana: Toisin kuin IFRS liike-tuloksen osalta, vertailukelpoisessa liike-tuloksessa ei lasketa mukaan omaisuuden myyntivoittoja tai -tappioita, huoltovarausten valuuttakurssimuutoksista johtuvia realisoitumattomia vaikutuksia, johdannaisten realisoitumattomia käyvän arvon muutoksia ja kertaluonteisia eriä.</p> <p>¹ Tilintarkastamaton.</p>		
		Tunnuslukujen laskentakaavat		
		Vertailukelpoinen liike-tulos:	Liike-tulos ilman johdannaisten käyvän arvon muutoksia, huoltovarausten valuuttakurssimuutoksia ja vertailukelpoisuuteen vaikuttavia eriä	
		Vertailukelpoisuuteen vaikuttavat erät:	Lentokone- ja muiden transaktioiden voitot ja tappiot sekä uudelleenjärjestelykulut	
		Vertailukelpoinen EBITDAR:	Vertailukelpoinen liike-tulos + poistot + lentokaluston leasemaksut	
		Oma pääoma:	Emoyhtiön osakkeenomistajille kuuluva osuus	
		Bruttoinvestoinnit:	Investoinnit aineettomiin ja aineellisiin hyödykkeisiin ilman ennakkomaksuja	
		Rahavarat:	Rahat ja pankkisaamiset + muut rahoitusvarat	
		Oikaistut korolliset velat:	Korolliset velat + valuutan- ja koronvaihtosopimukset johdannaissopimuksiin perustuvissa saamisissa ja veloissa	
		Korollinen nettovelka:	Oikaistut korolliset velat - rahavarat	
		Oikaistu korollinen nettovelka:	Korollinen nettovelka + 7 × lentokaluston leasemaksut	
		Sijoitettu pääoma keskimäärin:	Oma pääoma + korolliset velat (raportointikauden ja vertailukauden keskiarvo)	
		Osakekohtainen tulos (EPS):	$\frac{\text{Tilikauden tulos - oman pääoman ehtoisen lainan kulut verojen jälkeen}}{\text{Tilikauden keskimääräinen osakeantioikaistu osakemäärä}}$	
		Oma pääoma/osake:	$\frac{\text{Oma pääoma}}{\text{Osakeantioikaistu osakemäärä kauden lopussa}}$	
		Osinko tuloksesta, %:	$\frac{\text{Osinko/osake}}{\text{Tulos/osake}} \times 100$	
		Efektiivinen osinkotuotto, %:	$\frac{\text{Osinko/osake}}{\text{Osakkeen hinta tilikauden lopussa}} \times 100$	

		<p>Liiketoiminnan rahavirta/osake: $\frac{\text{Liiketoiminnan rahavirta}}{\text{Tilikauden keskimääräinen osakeantioikaistu osakemäärä}}$</p> <p>Hinta/voitto-suhde (P/E): $\frac{\text{Osakkeen hinta tilikauden lopussa}}{\text{Tulos/osake}}$</p> <p>Omavaraisuusaste, %: $\frac{\text{Oma pääoma + määräysvallattomien omistajien osuus}}{\text{Taseen loppusumma}} \times 100$</p> <p>Nettovelkaantumisaste, %: $\frac{\text{Korollinen nettovelka}}{\text{Oma pääoma + määräysvallattomien omistajien osuus}} \times 100$</p> <p>Oikaistu nettovelkaantumisaste, %: $\frac{\text{Oikaistu nettovelka}}{\text{Oma pääoma + määräysvallattomien omistajien osuus}} \times 100$</p> <p>Oman pääoman tuotto (ROE), %: $\frac{\text{Tilikauden tulos}}{\text{Oma pääoma + määräysvallattomien omistajien osuus (keskimäärin)}} \times 100$</p> <p>Sijoitetun pääoman tuotto (ROCE), %: $\frac{\text{Tulos ennen veroja + rahoituskulut}}{\text{Sijoitettu pääoma keskimäärin}} \times 100$</p> <p>Tarjotut henkilökilometrit (ASK): Tarjottujen paikkojen lukumäärä \times lennetyt kilometrit</p> <p>Myydyt henkilökilometrit (RPK): Matkustajien lukumäärä \times lennetyt kilometrit</p> <p>Tarjotut rahtitonnikilometrit (rahti ATK): Rahdin ja postin kuljetukseen tarjottujen tonnien määrä \times lennetyt kilometrit</p> <p>Myydyt rahtitonnikilometrit (rahti RTK): Kuljetetun rahti- ja postitonniin määrä \times lennetyt kilometrit</p>
B.13	Viimeaikaiset tapahtumat, jotka ovat ratkaisevia arvioitaessa Liikkeeseenlaskijan maksukykyä	Ei merkittäviä viimeaikaisia tapahtumia, jotka olisivat ratkaisevia arvioitaessa Liikkeeseenlaskijan maksukykyä.
B.14	Liikkeeseenlaskijan riippuvuus muista konserniin kuuluvista yksiköistä	Finnair-konsernin tytäryhtiöt tarjoavat tukitoimia Liikkeeseenlaskijalle tai toimivat läheisillä toimialoilla. Finnair konsernin suurimmat tytäryhtiöt ovat Finnair Cargo Oy, Finnair Aircraft Finance Oy and Oy Aurinkomatkat - Suntours Ltd Ab.
B.15	Kuvaus liikkeeseenlaskijan päätoimialoista	Finnair harjoittaa reitti-, loma- ja rahtilentotoimintaa, omistaa ja vuokraa lentokoneita sekä tarjoaa matkapalveluita ja muita lentoliikenteeseen liittyviä palveluita. Finnair lentää yhteensä 90 kohteeseen kotimaassa, Euroopassa, Aasiassa ja Pohjois-Amerikassa.
B.16	Kuvaus siitä, onko liikkeeseenlaskija suoraan tai välillisesti	Suomen valtio omistaa 55,81 prosenttia Liikkeeseenlaskijan liikkeeseen lasketuista osakkeista ja äänistä. Liikkeeseenlaskija on näin ollen suoraan Suomen valtion määräysvallassa. Liikkeeseenlaskija ei ole tietoinen mistään järjestelystä, joka voisi johtaa määräysvallan vaihtumiseen Liikkeeseenlaskijassa.

	jonkun omistuksessa tai määräysvallassa ja mikä tämä taho on sekä määräysvallan luonteesta	
B.17	Liikkeeseenlaskijan luottoluokitukset	Ei sovelleta.

<i>Jakso C – Arvopaperit</i>		
C.1	Arvopapereiden tyyppi ja laji	Senior-statuksinen vakuudeton velkakirjalaina, jonka kokonaisnimellismäärä on 200 000 000 euroa. Velkakirjojen ISIN-koodi on FI4000251756.
C.2	Arvopapereiden liikkeeseenlaskun valuutta	Velkakirjojen liikkeeseenlaskun valuutta on euro.
C.5	Arvopapereiden vapaata luovutettavuutta koskevat rajoitukset	Ei sovelleta. Velkakirjat ovat vapaasti luovutettavissa sen jälkeen, kun ne on kirjattu asianomaiselle arvo-osuustilille.
C.8	Arvopapereihin liittyvät oikeudet; etuoikeusjärjestys	Velkakirjojen haltijoilla on oikeus osallistua Velkakirjanhaltijoiden kokoukseen tai kirjalliseen menettelyyn. Velkakirjat ovat Liikkeeseenlaskijan suoraa, vakuudettomia ja takaamattomia velvoitteita, jotka ovat samanarvoisia keskenään ja jotka ovat etuoikeusjärjestyksessä vähintään samalla sijalla Liikkeeseenlaskijan vakuudettomien velvoitteiden kanssa, lukuun ottamatta niitä velvoitteita, joilla on etuoikeus pakottavan lain nojalla.
C.9	Korko ja tuotto; velkapapereiden haltijoiden edustajan nimi	Velkakirjoille maksetaan kiinteää vuotuista korkoa, joka on 2,250 % vuodessa. Velkakirjoille kertyvä korko maksetaan vuosittain takautuvasti alkaen 29.3.2018 ja tämän jälkeen 29.3. kunakin vuonna (" Koronmaksupäivä ") kunnes Velkakirjat on maksettu kokonaan takaisin. Velkakirjojen kulloinkin maksamatta olevalle pääomalle kertyy korkoa kultakin korkokaudelta korkokauden ensimmäinen päivä mukaan lukien ja korkokauden viimeinen päivä pois lukien. Ensimmäinen korkokausi alkaa Liikkeeseenlaskupäivänä ja päättyy ensimmäisenä Koronmaksupäivänä. Kukin seuraava korkokausi alkaa edeltävänä Koronmaksupäivänä ja päättyy seuraavana Koronmaksupäivänä. Viimeinen korkokausi päättyy päivänä, jolloin Velkakirjat on maksettu kokonaan takaisin. Velkakirjoihin liittyvä korko lasketaan todellisten kuluneiden päivien perusteella relevantilla korkokaudella jaettuna luvulla 365, tai, jos kyseessä on karkausvuosi, jaettuna luvulla 366 (Actual / Actual ICMA). Emissiohinnan ollessa 99,925 prosenttia, velkakirjojen efektiivinen tuotto on 2,266 prosenttia vuodessa.
C.10	Tiedot siitä, kuinka kohde-	Ei sovelleta. Velkakirjoille maksettava korko ei ole yhteydessä johdannaiseen.

	etuuden arvo vaikuttaa koron määrään	
C.11	Ottaminen kaupankäynnin kohteeksi	Yhtiö on hakenut Velkakirjojen ottamista julkisen kaupankäynnin kohteeksi Helsingin Pörssissä. Velkakirjat listataan Helsingin Pörssiin arviolta 31.3.2017.

<i>Jakso D – Riskit</i>		
D.2	Liikkeeseenlaskijaan, sen toimintaympäristöön ja liiketoimintaan liittyvät riskit	<p>Yhtiöön liikkeeseenlaskijana ja sen toimintaympäristöön ja liiketoimintaan sekä Liikkeeseenlaskuun ja sen kohteena oleviin Velkakirjoihin liittyy riskitekijöitä. Yhtiöön liikkeeseenlaskijana ja sen toimintaympäristöön ja liiketoimintaan liittyvät riskitekijät on lueteltu jäljempänä. Tämä luettelo ei ole tyhjentävä, ja myös riskit tai epävarmuustekijät, joista Yhtiö ei tällä hetkellä ole tietoinen tai joita se juuri nyt pitää epäolennaisina, saattavat vaikuttaa haitallisesti Yhtiön liiketoimintaan, tulokseen ja taloudelliseen asemaan tai Yhtiöön tehtyyn sijoitukseen.</p> <p>Lentoliikennealaan liittyvät riskit sisältävät seuraavat tekijät:</p> <ul style="list-style-type: none"> – Lentoyhtiöiden liiketoiminnan tulokseen heijastuvat makrotaloudelliset ja geopoliittiset olosuhteet, jotka voivat vaikuttaa merkittävästi lentoliikenteen kysyntään. – Kilpailu lentoliikennealalla on intensiivistä. – Finnair on altis lentopetrolin hintakehitykseen ja saatavuuteen liittyville riskeille. – Matalat katteet ja korkeat kiinteät kustannukset kuuluvat lentoliikennealan luonteeseen. – Terroriteot tai niiden uhka, poliittiset kapinat ja aseelliset konfliktit voivat johtaa lentomatkustuksen merkittävään vähentymiseen. – Finnairin liikevaihto ja tulos ovat alttiita kausittaiselle vaihtelulle ja syklisille muutoksille. – Finnair on alttiina luonnonkatastrofien, epidemioiden ja/tai pandemioiden sekä äärimmäisten sääolosuhteiden vaikutusten aiheuttamille riskeille. – Finnair on altis sen toimiin liittyvistä ilmailualan onnettomuuksista, mukaan lukien lento-onnettomuudet, sekä muista onnettomuuksista aiheutuvien merkittävien tappioiden riskille ja Finnairin vakuutukset voivat olla riittämättömiä kattamaan kyseiset olosuhteet. – Lentoyhtiövakuutuksen hankkiminen voi tulla liian vaikeaksi tai kalliiksi, mistä syystä Finnair voi altistua olennaisille tappioille ja voi joutua lopettamaan toimintoja. <p>Sääntelyyn liittyvät riskit sisältävät seuraavat tekijät:</p> <ul style="list-style-type: none"> – Muutokset kahdenvälisissä sopimuksissa tai kauppasuhteissa Euroopan unionin ja EU:n ulkopuolisten maiden välillä voivat vaikuttaa olennaisen haitallisesti Finnairin liiketoimintaan, taloudelliseen asemaan tai liiketoiminnan tulokseen. – Euroopan unionin tuomioistuimen ratkaisut lentojen myöhästymisen johdosta maksettavista korvauksista saattavat aiheuttaa Finnairille lisäkustannuksia. – Uusien kansallisten, alueellisten ja kansainvälisten määräysten tai olemassa olevia määräyksiä koskevien muutosten säätäminen voi vaikuttaa olennaisen haitallisesti Finnairiin.

		<ul style="list-style-type: none"> – Tietosuojalainsäädännön sääntelyn rikkominen saattaa aiheuttaa vahingonkorvausvaatimuksia ja vaikuttaa haitallisesti Finnairin maineeseen. – Ympäristön pilaantumista, kasvihuonepäästöjä ja melusaastetta koskevien rajoitusten sekä muiden ympäristölakien ja määräysten soveltaminen tulevaisuudessa voi vaikuttaa haitallisesti lentoyhtiöihin. <p>Finnairin liiketoimintaan liittyvät riskit sisältävät seuraavat tekijät:</p> <ul style="list-style-type: none"> – Finnairin liiketoiminta ja kasvustrategia riippuvat Helsinki-Vantaan lentokentän kyvystä tarjota riittävää kapasiteettia täyttämään kentän kasvavan lentoliikenteen tarpeet. – Finnairin strategian implementoinnin onnistuminen vaikuttaa sen liiketoimintaan, taloudelliseen asemaan ja liiketoiminnan tulokseen. – Finnair on riippuvainen ulkopuolisista hankkijoista, mikä voi altistaa Liikkeeseenlaskijan riskille siitä, että laatu, saatavuuteen liittyvät ongelmat ja/tai odottamattomat kustannukset, jotka liittyvät ulkopuolisiin hankkijoihin ja heidän tuotteisiin ja palveluihin, vaikuttavat epäsuotuisasti Finnairiin. – Finnair ei välttämättä pääse tavoitteisiinsa tulevaisuudessa järjestäytyneiden työntekijäryhmiensä työehtosopimusten ehtoja koskevissa neuvotteluissa, mikä altistaa tämän lakkojen ja muiden työselkkausten riskille. – Finnair on riippuvainen teknologian ja IT-järjestelmien keskeytymättömästä toiminnasta ja turvallisuudesta. – Mikäli brändin imago tai kuluttajien luottamus Finnairin brändiin heikkenevät, tämä voi vaikuttaa haitallisesti Finnairin kykyyn markkinoida palvelujaan ja houkutella sekä pitää asiakkaita. – Finnair on riippuvainen kyvystään houkutella, kouluttaa ja pitää palveluksessaan pätevää lentoyhtiöhenkilökuntaa. – Finnair altistuu lentokoneiden jäännösarvoriskille sekä myös arvonalentumiselle niiden omistusaikana. – Mahdolliset oikeudenkäynnit ja välimiesmenettelyt voivat vaikuttaa olennaisen haitallisesti Finnairiin. <p>Finnairin rahoitukseen liittyvät riskit sisältävät seuraavat tekijät:</p> <ul style="list-style-type: none"> – Valuuttakurssien vaihtelu voi vaikuttaa Finnairin taloudelliseen asemaan tai liiketoiminnan tulokseen. – Finnair on alttiina korkoriskille vaihtuvakorkoisten lainojensa ja lentokoneiden leasingsopimusten vuoksi. – Johdannaisten markkinahinnan muutoksiin saattaa liittyviä riskejä. – Riittämätön pääoman saatavuus voi uhata Finnairin kykyä kasvaa, toteuttaa liiketoimintamalliaan ja tuottaa tulevaisuudessa voittoa. – Finnairin nykyisen ja tulevaisuudessa mahdollisesti hankittavan velan määrä voi vaikuttaa olennaisen haitallisesti Finnairiin. – Liikkeeseenlaskijan enemmistöosakkeenomistajien etu ei välttämättä ole yhdenmukainen Velkakirjanhaltijoiden edun kanssa. – Tulevat tilinpäätösstandardien muutokset saattavat vaikuttaa Finnairin taloudelliseen asemaan. – Finnairin aikaisempi liikevoitto ja muu historialliset taloudelliset tiedot eivät välttämättä ennusta Finnairin tulevaa liiketoiminnan tulosta ja muita keskeisiä taloudellisia lukuja.
D.3	Arvopapereille ominaiset riskit	<p>Yhtiöön Liikkeeseenlaskijana ja sen toimintaympäristöön ja liiketoimintaan sekä Liikkeeseenlaskuun ja sen kohteena oleviin Velkakirjoihin liittyy riskitekijöitä. Liikkeeseenlaskuun ja sen kohteena oleviin Velkakirjoihin liittyvät riskit on lueteltu jäljempänä. Tämä luettelo ei ole tyhjentävä, ja myös riskit tai</p>

		<p>epävarmuustekijät, joista Yhtiö ei tällä hetkellä ole tietoinen tai joita se juuri nyt pitää epäolennaisina, saattavat vaikuttaa haitallisesti Yhtiön liiketoimintaan, tulokseen ja taloudelliseen asemaan tai Yhtiön tehtyyn sijoitukseen.</p> <p>Liikkeeseenlaskuun ja sen kohteena oleviin Velkakirjoihin liittyvät riskit sisältävät seuraavat tekijät:</p> <ul style="list-style-type: none"> – Velkakirjat eivät välttämättä sovellu sijoituskohteeksi kaikille sijoittajille. – Korko ja sijoitettu pääoma saatetaan menettää. – Sijoittajat kantavat Liikkeeseenlaskijaa koskevan luottoriskin. – Valuuttakurssiriski ja valuuttakontrolli. – Ei vakuutta tai takausta. – Vakuusvelkojilla on Velkakirjojen haltijoihin verrattuna parempi oikeus Liikkeeseenlaskijan omaisuuteen, joka on heillä vakuutena. – Velkakirjoille ei välttämättä muodostu aktiivisia jälkimarkkinoita. – Koska Velkakirjoille on asetettu kiinteä korko, niiden hinta saattaa laskea markkinakorkojen muuttuessa. – Useat tekijät voivat vaikuttaa Velkakirjojen markkina-arvoon. – Liikkeeseenlaskija ei ole antanut toimeksi Velkakirjojen tai itsensä luottoluokittamista. – Velkakirjoihin liittyvien transaktioiden toteutuminen riippuu Euroclear Finland Oy:n toiminnasta ja järjestelmästä. – Ei ole varmuutta velkakirjoihin liittyvien lakien tai käytäntöjen muuttumisen vaikutuksista. – Velkakirjat eivät lähtökohtaisesti sisällä Liikkeeseenlaskijan liiketoimintaan liittyviä kovenantteja eivätkä rajoita Liikkeeseenlaskijan oikeutta sulautua, toteuttaa liiketoimintakauppoja tai muutoin toteuttaa merkittäviä transaktioita, joilla saattaa olla olennaisen epäedullinen vaikutus Velkakirjoihin ja Velkakirjanhaltijoihin. – Liikkeeseenlaskijalla voi olla velvollisuus lunastaa tai ostaa Velkakirjat ennen niiden erääntymistä. – Liikkeeseenlaskijalla on oikeus lunastaa tai ostaa Velkakirjat ennen niiden erääntymistä. – Liikkeeseenlaskija ei välttämättä kykene rahoittamaan Velkakirjojen takaisinostoa määräysvallan vaihtumisen tai jakautumisen yhteydessä. – Velkakirjoihin tehtävät muutokset sitovat kaikkia Velkakirjanhaltijoita. – Oikeus maksuun Velkakirjojen perusteella vanhenee. – Velkakirjat eivät anna äänioikeutta Liikkeeseenlaskijan yhtiökokouksissa. – Liikkeeseenlaskija voi ottaa lisävelkaa ilman Velkakirjojen haltijoiden suostumusta. – Liikkeeseenlaskijalla ei ole velvollisuutta korvata Velkakirjoihin liittyvää lähdeveroa tai muuta vastaavaa veroa. – Pääjärjestäjillä voi olla mahdollinen intressikonflikti. – Sijoituksiin liittyvät lakisääteiset rajoitukset voivat rajoittaa joitakin sijoituksia.
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<i>Jakso E – Tarjous</i>		
E.2b	Syyt tarjoamiseen ja varojen käyttö	Liikkeeseenlaskun kokonaisnettotuotot Yhtiölle sille maksettavaksi tulevien maksujen ja kulujen jälkeen tulevat olemaan noin 199 200 000 euroa. Liikkeeseenlaskijan liikkeeseenlaskusta saamat tuotot on Liikkeeseenlaskupäivänä käytetty vuonna 2018 erääntyvien senior-statuksellisten vakuudettomien velkakirjojen osittaiseen takaisinmakuun, jotka tarjottiin ostettavaksi ostotarjouksen perusteella. Muut varat on tarkoitus käyttää muihin yleisiin rahoitustarpeisiin.
E.3	Tarjousehdot	<p>Liikkeeseenlaskija: Finnair Oyj, suomalainen julkinen osakeyhtiö.</p> <p>Pääjärjestäjät: Danske Bank A/S ja Nordea Bank AB (publ).</p> <p>Lainan yhteenlaskettu nimellisarvo: 200 000 000 euroa.</p> <p>Liikkeeseenlaskupäivä: 29.3.2017.</p> <p>Takaisinmaksupäivä: 29.3.2022.</p> <p>Koronmaksupäivät: Vuosittain jälkikäteisesti 29.3.2018 alkaen ja tästä lähtien kunakin 29.3..</p> <p>Korko: 2,250 % vuodessa.</p> <p>Velkakirjojen efektiivinen tuotto Liikkeeseenlaskupäivänä: Emissiohinnan ollessa 99,925 prosenttia, 2,266 prosenttia vuodessa.</p> <p>Takaisinmaksu: Nimellisarvosta, kertalyhenteisesti, Takaisinmaksupäivänä.</p> <p>Merkinnät: Minimimerkintä on 100.000 euroa ja arvo-osuuden yksikköko on 1.000 euroa.</p> <p>Varojen käyttötarkoitus: Saadut tuotot on liikkeeseenlaskupäivänä käytetty vuonna 2018 erääntyvien senior-statuksellisten vakuudettomien velkakirjojen osittaiseen takaisinmakuun, jotka tarjottiin ostettavaksi ostotarjouksen perusteella. Muut varat on tarkoitus käyttää muihin yleisiin rahoitustarpeisiin.</p> <p>Lainan etuoikeusasema: Senior-statuksellinen, vakuudeton, alistamaton.</p> <p>Luottoluokitus: Ei luottoluokitusta.</p> <p>Kovenantit ja ennenaikaisen takaisinoston ja eräännyttämisen edellytykset: määräysvallan vaihtuminen, jakautuminen, panttaamattomuussitoumus, maksulaiminlyönti, liiketoiminnan lopettaminen, selvitystila, ristiin eräännyttäminen, insolvenssi.</p> <p>Listaaminen: Velkakirjat listataan Helsingin Pörssiin arviolta 31.3.2017.</p> <p>Selvitys: Velkakirjat lasketaan liikkeeseen arvo-osuuksina Euroclear Finland Oy:n Infinity-arvo-osuusjärjestelmässä. Euroclear Finland Oy:n rekisteröity osoite on Urho Kekkosen katu 5 C, 00100 Helsinki, Suomi.</p> <p>Sovellettava laki: Suomen laki.</p> <p>ISIN- koodi: FI4000251756.</p>
E.4	Olennaiset intressit	Pääjärjestäjien intressit: Finanssimarkkinoilla normaali liiketoiminnallinen intressi.
E.7	Arvioidut kustannukset, jotka veloitetaan sijoittajalta	Ei sovelleta. Yhtiö ei veloita kustannuksia sijoittajilta.

RISK FACTORS

Investors considering investment in the Notes should carefully review the information contained in this Listing Prospectus and, in particular, the risk factors described below and in the stock exchange releases published by the Company. Factors possibly affecting an investment decision are also discussed elsewhere in this Listing Prospectus. Should one or more of the risk factors described herein, or any other risk, 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 Notes as well as the market price and value of the Notes. As a result, investors may lose part or all of their investments. This description is based on information known and assessed 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 Notes 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 Notes and consult their own professional advisers if they consider it necessary.

The capitalised words and expressions in this section shall have the meanings defined in “*Terms and Conditions of the Notes*”.

Risks Relating to the Airline Industry

Airline operating results are sensitive to macroeconomic and geopolitical conditions which can have a significant impact on the demand for air transportation.

The demand for air transportation is driven by macroeconomic factors. During the last few years, the uncertain global economic and financial market conditions have had an adverse effect on general business conditions, increased unemployment and lowered business and consumer confidence. 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 geopolitical tensions, for example between Russia and Ukraine, and related events such as the international sanctions imposed, for example, by the European Union (“EU”) and the United States against Russia and export limitations imposed by Russia towards the EU and the United States as a counteraction, may have a material adverse effect on the economic climate. Such geopolitical tensions may also limit or disrupt Finnair's supplies of fuel or other inputs. Additionally, the upcoming exit of the United Kingdom from the European Union involves general economic uncertainty that may also be reflected in the demand for air travel.

The airline industry is highly sensitive to general business conditions as well as to slow or moderate economic growth and private consumption trends. Airline fares and passenger demand have fluctuated significantly in the past and may fluctuate significantly in the future. The Issuer is not able to predict with certainty market conditions and the fares that it may be able to charge. Customer expectations and consumption habits can change rapidly and the demand for lower fares may limit revenue opportunities. Travel, especially leisure travel, is a discretionary consumer expense. A downturn in economic growth in Europe or the slowing growth in Asian economies would have the effect of reducing demand for air travel within Europe and more distant destinations and, together with the other factors discussed herein, could materially adversely impact Finnair's profitability. In line with Finnair's strategy with a special regional focus on Asia, the business operations of Finnair are increasingly dependent on the economic conditions and demand for air travel to and from Asia. Any prolonged or significant weakness of the world economy 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 Notes as well as the market price and value of the Notes.

Finnair has been impacted, and may also be impacted in the future, by the uncertainty in the global economy and financial markets. Although the Issuer's management believes that Finnair's capital structure and credit facilities will provide sufficient liquidity to conduct Finnair's day-to-day business even when there is uncertainty in the global economy and financial markets, 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 risk, potential further adverse developments in macroeconomic conditions and continued uncertainty in the financial markets could adversely affect Finnair's asset values, future cost of debt and access to bank and capital market financing which may, in turn, 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 Notes as well as the market price and value of the Notes.

Competition in the airline industry is intense.

Finnair operates within a highly competitive industry. The air transport business is sensitive to both cyclical and seasonal changes. Competition in the sector is intense and the market situation is continuously changing as new entrants and/or alliances expand, the industry participants consolidate and airline companies form marketing or operational alliances, which might gain competitive advantage over Finnair's oneworld™ alliance or joint businesses. The oneworld™ alliance consists of 14 members, and within those Finnair is a member of two joint businesses, the Atlantic Joint Business and the Siberian Joint Business. These joint businesses allow Finnair to increase its competitiveness in certain markets.

The balance between supply and demand can shift to either direction over a short period of time. 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 higher amount of and 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 beyond current public forecasts on European or Asian routes substantially in the future. 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 threatening Finnair's ability to generate competitive profit margins. However, insufficient capacity could also threaten Finnair's ability to meet customer demands and respectively, Finnair is exposed to risks associated with inadequate capacity planning. In the highly competitive business environment, the revenue optimization strategies as well as marketing strategies of Finnair, including decisions on products, prices and promotions, may not be adequate to create sustainable competitive advantages.

Increasing competition and overcapacity 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 Notes as well as the market price and value of the Notes.

Finnair is exposed to risks associated with jet fuel price trends and availability of jet fuel.

In addition to the scale of the business operations, Finnair's result is largely affected by the development of the market price of jet fuel, as fuel costs are the single biggest cost item for Finnair. Jet fuel costs represented 21 per cent of Finnair's operating costs in 2016. 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 according to the prevailing hedging policy of Finnair. 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 ability to pass on the increased costs of fuel to its customers by increasing fares is limited by the competitive nature of the airline industry. 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.

From time to time, there have been discussions at the EU level and within EU Member States about whether existing tax exemptions for jet fuel should be reviewed. There can be no assurance that the current tax exemptions for jet fuel will not be repealed. The elimination of these exemptions would lead to a substantial increase in Finnair's jet fuel costs.

Increasing jet fuel costs and disruptions in fuel supplies may have a material adverse effect on the Finnair's business, financial condition, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

The airline industry is characterised by low profit margins and high fixed costs.

The entire airline industry and scheduled service, in particular, are characterised by low profit margins and high fixed costs. The costs of operating any particular flight do not vary significantly with the number of passengers or cargo carried and, therefore, a relatively small change in the number of passengers, cargo or in fare pricing or traffic mix could lead to a disproportionate fall in profits, as fixed costs generally cannot be reduced on short notice. This condition has been exacerbated by aggressive pricing by low fare airlines, which in turn has had the effect of driving down fares in general.

Additionally, costs of over-flight rights, airport, transit and take-off/landing fees as well as security charges are costs representing a significant part of the operating costs of Finnair. These costs can be reduced only to a limited extent if at all and there is no assurance that such costs would not increase in the future. Furthermore, charges related to over-flight rights are negotiated between sovereign states, which means that their adoption is beyond the Issuer's influence. It is also possible that security regulations worldwide could be further tightened, particularly if additional terrorist attacks occur, and that security charges or other costs arising from security measures at airports could increase further.

Finnair constantly reviews its operations and is actively seeking efficiency improvement initiatives. 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. Increase in the prices of any of the abovementioned charges or the failure to successfully implement the cost-efficiency 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 Notes as well as the market price and value of the Notes.

Terrorist attacks, or the threat of such attacks, political uprisings and armed conflicts could result in a significant reduction in airline passenger 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. Also political uprisings and armed conflicts, or the risk thereof, can affect demand for air travel and travel behaviour. The impacts of any such attacks could be dramatically intensified should any of them be targeted against civil aviation, business centers or tourist destinations. 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 Notes as well as the market price and value of the Notes.

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 Notes as well as the market price and value of the Notes.

Finnair is exposed to the risk of significant losses from natural disasters, epidemics and/or pandemics as well as adverse effects of extreme weather conditions.

Similarly to other airlines, Finnair is 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. Competitiveness in the air transport sector depends on how flexibly Finnair can react and adapt to surprising events. While Finnair has plans of action to minimise the operational impacts on air transport from various external disruptive factors, such as natural disasters, there can be no assurance that these measures will be adequate in the event such circumstances arise. Hence, the occurrence of a natural disaster 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 Notes as well as the market price and value of the Notes.

Further, 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 passenger levels on, and reduce the number of, its flights to some of its destinations. Any such outbreak of a disease that affects travel behaviour 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 Notes as well as the market price and value of the Notes.

Extreme weather conditions also result in substantial additional costs to Finnair. Weather conditions may lead to flight cancellations, increased waiting times, need for additional heating for cabins, increased fuel consumption as well as costs associated with aircraft de-icing. The occurrence of such extreme weather-related events 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 Notes as well as the market price and value of the Notes.

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 incident 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. 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 Notes as well as the market price and value of the Notes.

Airline insurance may become too difficult or expensive to obtain which could expose Finnair to substantial loss and may force it to cease operations.

Finnair carries insurance for public liability, passenger liability, property damage and all-risk coverage for damage to Finnair's aircraft. However, there are limitations or exclusions of certain risks in the coverage of insurances, such as risks of war and risks involving weapons of mass destruction. If insurers or re-insurers exclude coverage for these or any other risks or such coverage is not available on commercially reasonable terms then, if insurance cover is not available from another source (for example, a government entity), Finnair may not be able to insure those risks and would not be able to carry on its air transportation business and would ultimately be forced to cease its operations. Materialisation of any of such 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 Notes as well as the market price and value of the Notes.

Regulatory Risks

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

The recent changes in the geopolitical climate may result in an increase in protectionism which may negatively affect Finnair's operations and profitability. The price and availability of over-flight rights, which allow airlines to fly over individual countries or territories, as well as the price of traffic charges, such as arrival, departure, navigation

and passenger charges, impact Finnair's business operations to a material extent. Further, these rights and charges are negotiated between sovereign states, which means that their adoption is beyond Finnair's influence. In addition, the availability and price of these rights varies markedly. Increase 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, financial condition and results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

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. Currently the European Commission has not been given a mandate to negotiate on air services with third countries, such as China, South Korea and Japan that are Finnair's core markets in and on the way to Northeast Asia. Should the Commission get a mandate to negotiate with the third countries, this could result in decreased access to markets which are part of Finnair's growth strategy. 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 Notes as well as the market price and value of the Notes.

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

The Court of Justice of the EU has confirmed, for example in October 2012 and September 2015, 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 rulings 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 legislative process is still ongoing. There can be no assurance that Finnair will not be subject to an increased number of claims or complaints from passengers or more strict regulation or enforcement related to the airlines' liability by the EU in the future.

The Finnish Competition and Consumer Authority, acting in its capacity as the national enforcement body contemplated in the Regulation (EC) 261/2004, has adopted an interpretation of the Regulation (EC) 261/2004 and of the rulings of the Court of Justice of the European Union, which, according to the Issuer's view and own experience in the Issuer's key markets in the European Union and the European Economic Area, is significantly stricter than the interpretation adopted by other national enforcement bodies in the respective countries. The conflict between the views adopted by the Finnish Competition and Consumer Authority and by the Issuer may lead to the Authority commencing legal action against the Issuer. There can be no assurance as to the outcome of such proceedings, which could lead to increased compensations payable to passengers.

The Issuer is also on the date of this Prospectus party to some consumer disputes relating to the interpretation of the Regulation (EC) 261/2004 and of the related rulings of the Court of Justice of the European Union. The monetary liability that may arise for the Issuer directly from any such disputes, if determined adversely to the Issuer, would be very limited. However, to the extent such disputes are litigated in courts, while there is legal uncertainty regarding the interpretation of the Regulation and the related EU Court rulings, there can be no assurance as to the outcome of such court proceedings, which could lead to stricter interpretation becoming applicable and therefore increased compensations payable to passengers.

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 Notes as well as the market price and value of the Notes.

For more information on the legal proceedings, please see section *"Information about the Issuer – Legal Proceedings"*.

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 Notes as well as the market price and value of the Notes.

Violation of data protection regulation could trigger claims for damages and adversely affect Finnair's reputation.

As part of its operations, Finnair retains personal information received from customers, which is subject to certain regulatory data privacy protection in Finland and elsewhere. Personal information held offline and online is highly sensitive. If such personal information were made available to third parties in violation of the applicable laws or if a third party were to misappropriate such information, the reputation of Finnair could be harmed, it could become the subject of regulatory action, proceedings and/or fines, customers could bring legal claims against Finnair and certain countries could cancel Finnair's flight permits. Further, the current EU Data Protection Directive (95/46/EC) will be replaced by the General Data Protection Regulation (679/2016) in 2018 introducing increased obligations to companies processing personal data and also substantial administrative fines for non-compliance (up to EUR 20 million or 4 per cent of a company's global annual turnover). Any non-compliance with the legislation currently in force or to be introduced 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 Notes as well as the market price and value of the Notes.

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

Airlines may be subject to additional costs due to changes in "cap and trade" -schemes such as the European Emissions Trading Scheme (the "EU ETS"). The European Union included air traffic as part of the EU ETS in the beginning of 2012. However, the European Parliament made a decision on exempting all flights between countries in the European Economic Area (EEA) and between third countries from the EU ETS, until 2016. In the autumn of 2016, the assembly of the International Civil Aviation Organization (ICAO) concluded a historic agreement on market-based measures to help stabilise airline emissions at the level of 2020 (so-called Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)). From 2020 onwards, the airlines are obligated to compensate their emissions exceeding the target by purchasing emission reduction units. Due to the CORSIA agreement, all flights between countries in the European Economic Area (EEA) and third countries continue to be exempt from the EU ETS for the time being. The costs of emissions trading in the coming years may increase due to changes to the current EU ETS model and/or future implementation of the CORSIA agreement.

Increase in mandatory non-financial reporting and environmental taxes and fees may increase Finnair's and other airlines operational costs in the coming years.

New noise control regulations may also restrict airline operations and/or cause additional costs. 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 Airport as Finnair currently has flights landing and taking-off between midnight and five a.m. (Central European time).

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 Notes as well as the market price and value of the Notes.

Risks Relating to Finnair's Business Operations

Finnair's business operations and its growth strategy are dependent on the ability of Helsinki Airport to accommodate the increasing air traffic to the airport.

Finnair's home airport is at Helsinki and any matters adversely affecting Helsinki 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 Airport continuing to offer adequate capacity and 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. 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 Airport is increasing and, in the short-term, this could lead to delays due to the airport's space restrictions and increased security measures. 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 Notes as well as the market price and value of the Notes.

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

Finnair offers smooth and fast connections in the northern hemisphere via Helsinki and it also offers a wide network to the world from its home markets. Finnair is focusing on Asian markets. One important strategic target is to double its Asian traffic by 2018 from the 2010 level. To achieve this strategic objective, Finnair aims to leverage on its partner relationships and the geographic location of its operational hub at Helsinki Airport, which offers the shortest flight route from Europe to Northeast Asia. According to the Airbus Global Market Forecast 2016–2035, Asia has been one of the fastest growing aviation markets in recent years, and Asia-Pacific is estimated to be the leading aviation market by 2035. Currently, Finnair serves 17 Asian destinations in nine countries, with the 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. Furthermore, in accordance with the vision of the Company, Finnair aims to provide a unique Nordic Experience to its customers by basing its operations on quality, reliability, safety and design inspired by the pure nature of the Nordics while connecting Asia, North America and the northern regions of Europe through its hub at Helsinki Airport. In addition to Finnair's Asia strategy, Finnair's strategy focuses on profitable growth, improved customer experience, improved people experience and digital transformation. If changes were to occur in consumer preferences, perceptions, spending patterns or demographic trends as regards travelling to and from its destinations in Asia, these could affect Finnair's business and the success of its strategy substantially. 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 traffic rights. Furthermore, there can be no assurance that Finnair is able to succeed in the implementation of its other strategy focus areas.

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 are aimed at improving competitiveness especially in the long-haul traffic to and from Asia. A backbone of the growth strategy is investment into the new wide-body Airbus A350 fleet. Finnair has currently seven Airbus A350 aircraft, four planned to be taken into use during 2017 and eight more to be taken into use by 2023. 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.

The strategic and commercial arrangements with **oneworld**TM 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. Finnair further engages in closer cooperation with certain **oneworld**TM partners through participation in joint businesses, namely the Siberian Joint Business and Atlantic Joint Business. Therefore, any adverse developments affecting the **oneworld**TM alliance or the joint businesses 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 **oneworld**TM 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 Notes as well as the market price and value of the Notes.

Finnair is dependent on third-party suppliers, which may expose it to the risk that quality and availability issues and/or unexpected costs associated with third-party suppliers and their products and services could 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 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.

A key component of Finnair's business plan and growth strategy is the renewal of its fleet by phasing out the oldest aircraft types and acquiring new aircraft. The contemplated fleet restructuring and Finnair's dependence on Airbus aircraft, especially for its long-haul fleet, makes it particularly vulnerable to any problems that might be associated with the manufacturer or its aircraft. 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 its aircraft to be grounded while any such defect or problem was corrected, or while attempts were made to correct such defect or problem.

Interruptions in the delivery of goods and services of any third party supplier 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. Similarly, if a third party supplier experiences financial difficulties, goes out of business or defaults on its obligations to Finnair, this could have adverse consequences for 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 the 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 Notes as well as the market price and value of the Notes.

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.

Finnair's business is labour intensive, employing large numbers of pilots, flight attendants and other personnel. Most of Finnair's staff are unionised. While Finnair currently has collective labour agreements in place with flight attendants and other personnel and has a mutual understanding on the terms of the labour agreement to be entered into with the pilots, 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. Likewise, if third party regional carriers with whom Finnair has contract carrier agreements or other third parties including ground workers and other service providers are unable to reach agreement with their unionised work groups in current or future negotiations regarding the terms of their collective bargaining agreements, those carriers may be subject to work interruptions or stoppages affecting Finnair. Any future agreements or outcome of negotiations, mediations or

arbitrations in relation to wage reopeners may result in increased personnel costs or other charges that could increase Finnair's operating costs to the effect that it is not able to compete with some other airlines that have more flexible personnel cost structures than that of 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 Notes as well as the market price and value of the Notes.

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 and customer satisfaction 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.

In addition, any internal error, 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 and damage the Finnair brand. 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 or cyberattacks, 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.

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, Finnair may be liable for credit card companies should any credit card information be accessed and misused as a result of security breaches by 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 Notes as well as the market price and value of the Notes.

Any deterioration in brand image or consumer confidence in Finnair's 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 Notes as well as the market price and value of the Notes.

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 new personnel and there cannot be assurance that Finnair will be able to retain employees in key positions or recruit 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 Notes as well as the market price and value of the Notes.

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 any issues related to aircraft return conditions 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. On the other hand, if Finnair finances the purchased aircraft through a sale and leaseback financing arrangement, Finnair realises the market value of the aircraft at the time of the transaction and any future changes in aircraft value will not have an impact on the payments under the lease arrangement. Currency fluctuations and negative development in the general market conditions may also decrease the market value of Finnair's 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 Notes as well as the market price and value of the Notes.

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 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 Notes as well as the market price and value of the Notes. For more information on legal proceedings, please see the risk "*The EU Court rulings on compensations for delayed flights may result in additional costs for Finnair*" and section "*Information about the Issuer – Legal Proceedings*".

Risks Relating to Finnair's Financing

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, divestment of aircraft, aircraft lease payments and foreign currency revenue. The largest investments, including the acquisition of aircraft and their spare parts, are mainly made in U.S. dollars. Fuel costs and aircraft lease 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 according to the prevailing hedging policy of Finnair, 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.

Further, Finnair reports its financial results in euro and is consequently subject to currency conversion risk because a significant portion of its sales are denominated in currencies other than the euro. Finnair also incurs foreign currency conversion risk to the extent that its subsidiaries' assets, liabilities, revenues and expenses are recorded in currencies other than euro. In order to prepare its consolidated financial statements, Finnair must convert those assets, liabilities, revenues and expenses into euro at then applicable exchange rates. Consequently, increases and decreases in the value of the euro versus other currencies will affect the amount of these items in Finnair's consolidated financial statements, even if their value has not changed in their original currency. These conversions could result in significant changes to Finnair's results of operations from period to period. 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 Notes as well as the market price and value of the Notes.

Finnair is exposed to interest rate risk on its floating 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 floating 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. Finnair also has certain lease agreements in which the monthly lease payments are based on floating interest rates and hence the payment amounts fluctuate from time to time. 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 Notes as well as the market price and value of the Notes.

Changes in 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 reduce the uncertainty in the profit and loss, cash flows and balance sheet caused by market price fluctuations. In normal market conditions, the purpose of the hedging strategy is typically achieved by Finnair. However, in any unusual financial market circumstances, such as economic turmoil experienced during the last few years, 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 Notes as well as the market price and value of the Notes.

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 in the future be impacted by the uncertainty in global economy and financial markets. Uncertainty in the financial market may mean that the price of the financing needed by Finnair to carry out its business will increase and that it will be less readily available. Finnair aims to reduce the risk relating to the availability of financing by using credit agreements of varying maturities, by applying committed revolving credit facilities and by maintaining Finnair's reputation as a trustworthy debtor among its creditors. However, 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 Notes as well as the market price and value of the Notes.

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

Finnair has, and will continue to have, a significant amount of indebtedness, including substantial fixed obligations under aircraft leases and financings. As at 31 December 2016, the Issuer's adjusted gearing, which takes into account lease liabilities and market-value of the cross-currency swaps that are hedging the currency and interest rate risk of interest-bearing loans, was 78.3 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 flow from its operations to pay its debts, to fund its working capital, pension programs, capital expenditure, research and development requirements, lease obligations, to engage in future acquisitions and, in the future, to refinance its indebtedness. The Issuer also depends, to some extent, on cash flow from its subsidiaries, which may not, at all times, be able to make distributions and other payments to due to, among other things, applicable tax laws.

The Issuer's current financing arrangements do not contain any restrictive financial covenants, but the Issuer's EUR 175 million revolving credit facility, which is unutilised, requires the Issuer 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 June 2019. Finnair's future borrowings and financing arrangements may be subject to covenants which limit Finnair's operating and financial flexibility.

The Group's investment commitments for property, plant and equipment (including firm aircraft orders) as at 31 December 2016 totalled EUR 1,601 million. The Group may order additional aircraft in the future, which could substantially increase its financing needs. The Group 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 the Group will continue to be able to obtain, on a timely basis, sufficient funds on terms acceptable to the Group 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 and to maintain adequate liquidity, whether from operations or additional debt or equity financings, may require the Group 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 Notes as well as the market price and value of the Notes.

The Issuer's majority shareholders' interest may not align with the interest of the holders of the Notes.

As at 28 February 2017, the State of Finland (acting through the Prime Minister's Office) owned 55.81 per cent of the outstanding shares and voting rights in the Issuer. Accordingly, State of Finland (acting through the Prime Minister's Office) has and will continue to have control over the Issuer, including in matters such as approval of the annual financial statements, declarations of dividends, capital increases and the election and removal of the members of the Board of Directors of the Issuer. The interests of the State of Finland may not always be aligned with those of the holders of the Notes.

Future changes in accounting standards may affect Finnair's financial position.

Finnair prepares its financial information in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. Future changes in the IFRS accounting standards may lead to significant changes in the reported financial statements of Finnair. Although the Issuer's current loans provide for debt covenants to be assessed based on current accounting standards, a change in said standards may affect the Issuer's position when renewing or acquiring further financing. The occurrence of any such events could have a material adverse effect on the Issuer's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Finnair's historical earnings and other historical financial data are not necessarily predictive of earnings or other key financial figures of Finnair going forward.

The financial information provided for and discussed in this Listing Prospectus and the financial statements of the Issuer included in this Listing Prospectus relate to the past performance of Finnair. The future development of Finnair could deviate significantly from past results due to a large number of internal and external factors. The historical earnings, historical dividends and other historical financial data of Finnair are, therefore, not necessarily predictive of earnings or other key financial figures for the Issuer going forward.

Risks Relating to the Notes

The Notes may not be a suitable investment for all investors.

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

- i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in or incorporated by reference into this Listing Prospectus;
- ii) understand thoroughly the Terms and Conditions of the Notes;
- iii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- iv) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes; and

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

Possibility to forfeit interest and principal amount invested.

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

Investors of the Notes are exposed to credit risk in respect of the Issuer.

Investors in the Notes are exposed to a credit risk in respect of the Issuer. The investor's possibility to receive interest payments and payments of principal under the Notes 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 the Issuer's business and financial performance.

Exchange rate risk and exchange controls.

The Issuer will pay principal and interest on the Notes 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.

No guarantee or security.

The Notes will not be obligations of anyone other than the Issuer and they will not be guaranteed by any other person or entity. 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 Notes.

The Notes are unsecured debt instruments and the holders of the Notes (the "**Noteholders**") would be unsecured creditors in the event of the Issuer's bankruptcy or reorganisation proceedings. Accordingly, in addition to that any adverse change in the financial condition or prospects of the Issuer may have a material adverse effect on the liquidity of the Notes, and may result in a material decline in their market price, such adverse change may endanger the probability that the Noteholders will receive the prompt and full payment, when due, for principal, interest and/or any other amounts and items payable to the Noteholders pursuant to the Notes from time to time.

Secured creditors will have prior claim to the Issuer's assets that constitute their collateral as compared to holders of the Notes.

The Notes will not be secured by any assets. The Terms and Conditions permit the Issuer to incur additional secured indebtedness in the future subject to certain limitations. In the event of any liquidation of assets of the Issuer in any bankruptcy, liquidation or dissolution, holders of secured indebtedness will have a prior claim to those assets that constitute their collateral. In any of the foregoing events, it cannot be assured that there will be sufficient assets to pay amounts due on the Notes.

An active trading market for the Notes may not develop.

The Notes constitute a new issue of securities by the Issuer. Prior to the Listing, there is no public market for the Notes. Although application has been made to list the Notes on the Helsinki Stock Exchange, no assurance can be given that such application will be approved. In addition, listing of the Notes will not guarantee that a liquid public market for the Notes will develop and, even if such a market were to develop, neither the Issuer nor the Lead Managers are under any obligation to maintain such market. In the absence of a secondary market, Notes may be difficult to sell at a satisfactory market price and the investor should be aware that he/she may realise a loss upon sale if Notes are sold prior to the redemption date. The liquidity and the market prices of the Notes can be expected to vary with changes in market and economic conditions, the financial condition and prospects of the Issuer as well as many other factors that generally influence the market prices of securities. Such factors may significantly affect the liquidity and the market prices of the Notes, which may trade at a discount to the price at which the Noteholders purchased the Notes.

There can be no assurance that an active trading market for the Notes will develop, or, if one does, that it will be maintained. If an active trading market for the Notes does not develop or is not maintained, it may result in a material decline in the market price of the Notes, and the liquidity of the Notes may be adversely affected. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Further, if additional and competing products are introduced in the markets, this may also result in a material decline in the market price and value of the Notes.

Since the Notes bear a fixed interest rate, their price may fall as a result of changes in the interest rates.

The Notes bear interest on their outstanding principal at a fixed interest rate. A holder of a security with a fixed interest rate is exposed to the risk that the price of such security could fall as a result of changes in the market interest rate. Market interest rates follow the changes in general economic conditions, and are affected by, among many other things, demand and supply for money, liquidity, inflation rate, economic growth, central banks' benchmark rates, implied future rates, and changes and expectations related thereto.

While the nominal compensation rate of a security with a fixed interest rate is fixed during the term of such security or during a certain period of time, current interest rates on capital markets (market interest rates) typically change continuously. In case market interest rates increase, the market price of such a security typically falls, until the yield of such security is approximately equal to the market interest rates. If market interest rates fall, the price of a security with a fixed interest rate typically increases, until the yield of such a security is approximately equal to market interest rates. Consequently, the Noteholders should be aware that movements of market interest rates may result in a material decline in the market price of the Notes and can lead to losses for the Noteholders if they sell the Notes. Further, the past performance of the Notes is not an indication of their future performance.

Market value of the Notes may be affected by several factors.

The market value of the Notes 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 and market interest and yield rates. The value of the Notes 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 Notes are traded. The price at which a Noteholder may be able to sell the Notes may from time to time be at a discount, which could be substantial, from the issue price or the purchase price paid by such Noteholder.

The Issuer has not commissioned any credit rating for the Notes or for itself.

Neither the Notes nor the Issuer has been assigned any credit ratings at the request or with the cooperation of the Issuer in the rating process. Accordingly, investors are not able to refer to any such independent credit rating when evaluating factors that may affect the value of the Notes. The absence of such credit rating may reduce the liquidity of the Notes as investors often times base part of their decision making related to buying notes on the credit rating.

The completion of transactions relating to the Notes is dependent on Euroclear Finland Ltd.'s operations and systems.

The Notes are issued in the book-entry securities system of Euroclear Finland Ltd ("**Euroclear Finland**"). Pursuant to the Act on the Book-Entry System and Clearing and Settlement (749/2012, as amended), the Notes 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 Notes are dematerialised securities and title to the Notes is recorded and transfers of the Notes 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 Notes, including but not limited to transfers of, and payments made under, the Notes, 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 Noteholders, are functioning when transactions are executed. During the term-to-maturity of the Notes, Euroclear Finland's systems that process the Notes are likely to be changed materially due to the last phase of introducing the TARGET2 Securities (T2S) platform of the European Central Bank in September 2017. Any malfunction or delay in the book-entry securities system or any failure by any relevant party may result in the transaction involving the Notes not taking place as expected or being delayed, which may cause financial losses or damage to the Noteholders whose rights depended on the timely and successful completion of the transaction.

The Issuer or any other third party will not assume any responsibility for the timely and full functionality of the book-entry securities system. Payments under the Notes 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 Notes. For the purposes of payments under the Notes, it is the responsibility of each Noteholder to maintain with its respective book-entry account operator up to date information on applicable bank accounts.

No assurance as to the impact of change of laws or practices.

The Notes are governed by the laws of Finland, as in force from time to time. Finnish laws (including but not limited to tax laws) and regulations governing the Notes may change during the validity of the Notes, and new judicial decisions can be given and administrative practices take place. 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 taking place after the date of this Listing Prospectus. Hence, if materialised, such event may have a material adverse effect on Finnairs's business, financial condition, results of operations and future prospects and, thereby, the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes. Such event may also cause material financial losses or damage to the Noteholders.

The Notes do not, as a rule, 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 Notes and the Noteholders.

As a rule, the Notes do not contain provisions designed to protect Noteholders from a reduction in the creditworthiness of the Issuer. In particular, the Terms and Conditions of the Notes do not, except for the conditions relating to Change of Control and Demerger (see Condition 9 (*Put Option Events*) of the Terms and Conditions of the Notes) which grant the Noteholders the right of repayment of the Notes in certain limited circumstances, 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, Noteholders could be materially and adversely affected. Furthermore, the Change of Control condition does not restrict any of the current shareholders of the Issuer from disposing any or all of their shareholdings and the Demerger condition does not restrict the Issuer from entering into a demerger as such.

The Issuer may have an obligation to redeem and purchase the Notes prior to maturity.

As specified in the Terms and Conditions of the Notes, the Noteholders are entitled to demand premature repayment of the Notes in the case of an Event of Default, Demerger or a Change of Control. Such premature repayment may have a material adverse effect on the Issuer's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes to such Noteholders who elect not to exercise their right to have their Notes prematurely repaid as well as the market price and value of such Notes.

In addition, as specified in the Terms and Conditions of the Notes, the Issuer may at any time purchase Notes in any manner and at any price prior to maturity. Only if such purchases are made by a tender offer, such tender offer must be available to all Noteholders alike on equal terms. The Issuer is entitled to cancel, dispose of or hold the purchased Notes at its discretion. Consequently, a Noteholder offering Notes to the Issuer in connection with such purchases may not receive the full invested amount. Furthermore, a Noteholder may not have the possibility to participate in such purchases. The purchases, whether by tender offer or otherwise, may have a material adverse effect on the Issuer's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes to such Noteholders who do not participate in the purchases as well as the market price and value of such Notes.

The Issuer has the right to redeem and purchase the Notes prior to maturity.

As specified in the Terms and Conditions, the Issuer is entitled to redeem the Notes at any time prior to maturity in full (see Condition 8 (*Optional redemption (call option)*) of the Terms and Conditions of the Notes). Before the date falling three months prior to the Repayment Date, the premature redemption can only be made by way of a make-whole call and thereafter at the redemption price equal to the nominal amount of the Notes, in each case together with accrued interest. Any such early redemption by the Issuer may incur financial losses or damage, among other things, to such holders of Notes who had prepared themselves to have the amount of the Notes invested until the contractual final maturity of the Notes.

The Issuer may not be able to finance the repurchase of Notes following a Change of Control or Demerger event.

Upon a Change of Control or Demerger event, the holders of Notes are entitled to demand repurchase of the Notes at a price per Note equal to its nominal amount plus accrued interest to the date of such repurchase. The source for any repurchase required as a result of any such event will be available cash or cash generated from operating activities or other sources, including borrowings, sales of assets, sales of equity or funds provided by subsidiaries of the Issuer. If a Change of Control or Demerger event occurs, there can be no assurance that the Issuer will have or will be able to generate sufficient funds to repurchase the Notes that have been requested to be repurchased.

Amendments to the Notes bind all Noteholders.

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

The right to payment under the Notes may become void due to prescription.

In case any payment under the Notes has not been claimed within three (3) years from the original due date thereof, the right to such payment shall become void. Such prescription may incur financial losses to such Noteholders who have not claimed payment under the Notes within the prescription time of three (3) years.

The Notes carry no voting rights at the Issuer's General Meeting of Shareholders.

The Notes carry no voting rights with respect to shareholders meetings of the Issuer. Consequently, the Noteholders, unless they are also shareholders, cannot influence any decisions by the Issuer's shareholders concerning, for instance, the capital structure of the Issuer, which could impact the Issuer's ability to make payments on the Notes, or any decisions by the Issuer to redeem the Notes.

The Issuer may raise or issue additional debt without the consent of the holders of the Notes.

Except for the limitation to issuance, by the Issuer or its subsidiaries, of collateralised notes or bonds, debentures, debenture stock or loan stock issued after the issuance of the Notes that are capable of being listed on a stock exchange or subject to trading in a regulated market as provided in the Terms and Conditions of the Notes, there is no restriction on the amount of debt which the Issuer or its subsidiaries may, without the consent of and notice to the holders of the Notes, raise or issue after the issuing of the Notes. Such further debt may reduce the amount recoverable by the Noteholders upon winding-up or insolvency of the Issuer, or may worsen the position and priority of the Noteholders in such winding-up or insolvency procedure.

The Issuer is not obliged to compensate for withholding tax or similar on the Notes.

In the event of any withholding tax, public levy or similar is imposed in respect of payments to holders of Notes on amounts due pursuant to the Notes, the Issuer is neither obliged to gross-up or otherwise compensate holders of Notes for the lesser amounts the holders of Notes will receive as a result of the imposition of withholding tax or similar nor entitled to a premature redemption of the Notes.

Lead Managers may have a potential conflict of interest.

Certain of the 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 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 Lead Managers or their affiliates that have a lending relationship with the Issuer may hedge their credit exposure to the Issuer in a manner consistent with their

customary risk management policies. Such Lead Managers and their affiliates may hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes to be issued hereunder. Any such short positions could adversely affect future trading prices of Notes to be issued hereunder. The 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.

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 (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

RESPONSIBILITY REGARDING THE LISTING PROSPECTUS

The Issuer has furnished the information in this Listing Prospectus and accepts responsibility for the completeness and accuracy of the information contained in this Listing Prospectus. To the best knowledge of the Issuer, 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.

INFORMATION DERIVED FROM THIRD PARTY SOURCES

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, the International Air Transport Association ("**IATA**") and SRS Analyzer has been referred to in this Listing Prospectus under "*Risk Factors*" and "*Financial Information and Prospects*". The Issuer confirms that this information has been accurately reproduced herein and that, as far as the Issuer 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, the Issuer or the Lead Managers have not independently verified and cannot give any assurances as to the appropriateness of such information. Should this Listing Prospectus contain market data or market estimates in connection with no source has been presented, such market data or market estimate is based on the Issuer's management's estimates.

AVAILABILITY OF THE LISTING PROSPECTUS

This Listing Prospectus is available as of 29 March 2017 on the website of the Company at <https://investors.finnair.com/fi> and at the offices of the Company at Tietotie 9 A, FI-01030, Vantaa, Finland. In addition, the Listing Prospectus is available as of 29 March 2017 at the service point of the Helsinki Stock Exchange at Fabianinkatu 14, FI-00100 Helsinki, Finland.

For the avoidance of doubt, other than the parts of the documents incorporated by reference (see "*Information incorporated by reference*"), the contents of the Issuer's website or any other website do not form a part of this Listing Prospectus, and prospective investors should not rely on such information in making their decision to invest in the Notes.

NO CREDIT RATING

The Issuer or its debt securities have not been assigned any credit ratings at the request or with the co-operation of the Issuer in the rating process.

FORWARD-LOOKING STATEMENTS

Certain statements in this Listing Prospectus, including but not limited to certain statements set forth under the captions "*Summary*", "*Risk Factors*", "*Information about the Issuer*" and "*Financial Information and Prospects*", are based on the beliefs of the Issuer'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 Notes could differ materially from those described herein as anticipated, believed, estimated or expected. The Issuer 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*".

OTHER INFORMATION

Financial information set forth in a number of tables in this Listing Prospectus has been rounded. Accordingly, in certain instances, the sum of the numbers in a column or row may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in the tables in this Listing Prospectus reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

In this Listing Prospectus, references to “euro” or “EUR” are to the currency of the member states of the EU participating in the European Economic and Monetary Union, references to “U.S. dollar” or “USD” are to the lawful currency of the United States, references to Japanese yen refer to the lawful currency of Japan and references to Chinese yuan refer to the lawful currency of the People’s Republic of China.

TERMS AND CONDITIONS OF THE NOTES

FINNAIR PLC

EUR 200,000,000

2.250 % NOTES DUE MARCH 2022

ISIN CODE FI4000251756

The Board of Directors of Finnair Plc (the “**Issuer**”) has at its meeting on 2 March 2017 authorised the Chief Financial Officer of the Issuer or a person appointed by him to decide on the issue of notes referred to in paragraph 1 of Section 34 of the Act on Promissory Notes (622/1947, as amended) (in Finnish *Velkakirjalaki*) (the “**Notes**”).

Danske Bank A/S and Nordea Bank AB (publ) will act as lead managers in connection with the offer and issue of the Notes (the “**Lead Managers**”).

1. Principal Amount and Issuance of the Notes

The principal amount of the Notes is two hundred million euros (EUR 200,000,000).

The Notes will be issued in dematerialised form in the Infinity book-entry securities system of Euroclear Finland Ltd (“**EFi**”) (or any system replacing or substituting the Infinity book-entry securities system in accordance with the rules and decisions of EFi), address Urho Kekkosen katu 5 C, FI-00100 Helsinki, Finland, in accordance with the Finnish legislation governing book-entry system and book-entry accounts as well as the rules and decisions of EFi.

The issuer agent (in Finnish *liikkeeseenlaskijan asiamies*) of the Notes referred to in the rules of EFi (the “**Issuer Agent**”) and the paying agent of the Notes (the “**Paying Agent**”) is Nordea Bank AB (publ), Finnish Branch.

The issue date of the Notes is 29 March 2017 (the “**Issue Date**”).

The Notes will be offered for subscription in a minimum amount of EUR 100,000. The principal amount of each book-entry unit relating to the Notes (in Finnish *arvo-osuuden yksikkökoko*) is EUR 1,000. The number of the Notes is 200,000. Each Note will be freely transferable after it has been registered into the respective book-entry account.

2. Subscription of the Notes

The Notes shall be offered for subscription mainly to domestic and international institutional investors outside of the United States of America through a book-building procedure. The subscription period shall commence and end on 22 March 2017 (the “**Subscription Period**”).

Bids for subscription shall be submitted during the Subscription Period to Danske Bank A/S, Fixed Income Sales, c/o Danske Bank Oyj, Hiililaiturinkuja 2, Helsinki, FI-00075 DANSKE BANK, Finland, telephone +358 (0)10 513 8864, and/or Nordea Bank AB (publ), Finnish Branch, Satamaradankatu 5, 00020 NORDEA, Finland, tel. +358 9 369 50880, during regular business hours.

Subscriptions made are irrevocable. All subscriptions remain subject to the final acceptance by the Issuer. The Issuer may, in its sole discretion, reject a subscription in part or in whole. The Issuer shall decide on the procedure in the event of over-subscription. After the final allocation and acceptance of the subscriptions by the Issuer each investor that has submitted a subscription shall be notified by the Lead Managers whether and, where applicable, to what extent such subscription is accepted.

Subscriptions shall be paid for as instructed in connection with the subscription. Notes subscribed and paid for shall be created by EFi and routed by the Issuer Agent to the book-entry securities system to be recorded to the respective book-entry accounts of the subscribers on a date advised in connection with the issuance of the Notes in accordance with the Finnish legislation governing book-entry system and book-entry accounts as well as rules and decisions of EFi.

3. Issue Price

The issue price of the Notes is 99.925 per cent.

4. Interest

The Notes bear fixed interest at the rate of 2.250 per cent per annum. The interest on the Notes will be paid annually in arrears commencing on 29 March 2018 and thereafter annually on each 29 March (each an “**Interest Payment Date**”) until the Notes have been repaid in full.

Interest shall accrue for each interest period from (and including) the first day of the interest period to (but excluding) the last day of the interest period on the principal amount of Notes outstanding from time to time. The first interest period commences on the Issue Date and ends on the first Interest Payment Date. Each consecutive interest period begins on the previous Interest Payment Date and ends on the following Interest Payment Date. The last interest period ends on the date when the Notes have been repaid in full.

Interest in respect of the Notes will be calculated on the basis of the actual number of days elapsed in the relevant interest period divided by 365, or, in the case of a leap year, 366 (Actual / Actual ICMA).

5. Redemption

The Notes shall be repaid in full at their nominal principal amount on 29 March 2022 (the “**Redemption Date**”), to the extent the Issuer has not prepaid the Notes in accordance with Condition 8 (*Optional Redemption (call option)*), 9 (*Put Option Events*), 10 (*Redemption at the Option of the Issuer due to the Noteholder’s Opposition of a Demerger*) or 12 (*Events of Default*) below.

6. Status and Security

The Notes constitute direct, unsecured, unguaranteed and unsubordinated obligations of the Issuer ranking pari passu among each other and with all other unsecured, unguaranteed and unsubordinated indebtedness of the Issuer, save for such obligations as may be preferred by mandatory provisions of law.

7. Payments

Interest on and principal of the Notes shall be paid in accordance with the Finnish legislation governing book-entry system and book-entry accounts as well as the rules and decisions of EFi.

Should any Interest Payment Date or the Redemption Date fall on a date which is not a Business Day, the payment of the amount due will be postponed to the next Business Day. Any such change of the payment date shall not have an impact on the amount payable.

In these terms and conditions, “**Business Day**” means a day on which banks in Helsinki are open for general business and on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System is open.

8. Optional Redemption (call option)

The Issuer may, at any time having given, not less than 30 nor more than 60 days’ notice (an “**Optional Redemption Notice**”) to the Issuer Agent and to the Noteholders in accordance with Condition 15 (*Notices*), (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not part, of the aggregate principal amount of the Notes issued on the relevant date (the “**Optional Redemption Date**”) specified for redemption in the relevant Optional Redemption Notice at a redemption price equal to:

- (i) in the case of an Optional Redemption Date occurring before the date falling three (3) months prior to the Redemption Date, the Make-Whole Redemption Amount; or
- (ii) in the case of an Optional Redemption Date occurring on or after the date falling three (3) months prior to the Redemption Date, 100 per cent of their outstanding principal amount;

in each case together with accrued but unpaid interest up to (but excluding) the relevant Optional Redemption Date.

For the purpose of this Condition 8 (*Optional redemption (call option)*):

- (i) **“Make-Whole Redemption Amount”** shall be calculated by the Issuer or on behalf of the Issuer by such a person as the Issuer shall designate and will be the greater of (x) 100 per cent of the principal amount of the Notes to be redeemed and (y) the sum of the then present values of each remaining scheduled payments of principal and interest (not including any interest accrued on the Notes to, but excluding the relevant Optional Redemption Date) discounted to the relevant Optional Redemption Date on an annual basis at the Make-Whole Redemption Rate plus the Make-Whole Redemption Margin;
- (ii) **“Make-Whole Redemption Margin”** means 0.40 per cent;
- (iii) **“Make-Whole Redemption Rate”** means, with respect to the relevant Optional Redemption Date, the rate per annum equal to the annual yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for the Reference Date;
- (iv) **“Reference Bond”** means OBL 0.000% due 04/2022 #175;
- (v) **“Reference Bond Price”** (a) the average of five Reference Bond Dealer Quotations, after excluding the highest and lowest of such Reference Bond Dealer Quotations; or (b) if the Issuer obtains fewer than five such Reference Bond Dealer Quotations, the average of all such Reference Bond Dealer Quotations;
- (vi) **“Reference Date”** means the third Business Day prior to the Optional Redemption Date;
- (vii) **“Reference Bond Dealer”** means each of the banks selected by the Issuer, or their affiliates, which are (a) primary government securities dealers, and their respective successors, or (b) market makers in pricing corporate bond issues; and
- (viii) **“Reference Bond Dealer Quotations”** mean, with respect to each Reference Bond Dealer and the relevant Optional Redemption Date, the arithmetic average, as determined by the Issuer or on behalf of the Issuer by such person as the Issuer shall designate, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at 11.00 a.m. (Brussels time) on the Reference Date quoted by such Reference Bond Dealer.

9. Put Option Events

9.1 Each of the following events which occurs after the Issue Date shall constitute a Put Option Event:

(a) Change of Control:

(1) any person or group of persons acting in concert (other than the Republic of Finland or any agency or instrumentality of the Republic of Finland) gains control (a **“Change of Control”**) of the Issuer, and the Issuer has upon becoming aware of the Change of Control promptly notified the holders of Notes (the **“Noteholders”**) of the Change of Control in accordance with Condition 15 (*Notices*) (**“Change of Control Notice”**); and

(2) the Issuer does not notify the Noteholders in accordance with Condition 15 (*Notices*) on the last day of the period of 180 days commencing on the date of the Change of Control Notice (or in the case that such last day is not Business Day, on the immediately preceding day that is a Business Day) that the Notes have a confirmed investment grade credit rating (BBB-, or its equivalent, or better) reflecting the financial situation of the Issuer after the Change of Control from one or more Rating Agencies as of such date.

(b) the Board of Directors of the Issuer has signed a plan for a Demerger (as defined below).

9.2 Upon occurrence of a Put Option Event specified in sub-condition 9.1(b) above the Issuer shall notify the Noteholders in accordance with Condition 15 (*Notices*) of the Put Option Event. Such notice must be

published no later than on the date that the announcement of the Demerger is published in the form of a stock exchange release.

- 9.3 On the Prepayment Date (as defined below), the Issuer shall prepay the nominal principal amount (without any premium or penalty) of, and the interest accrued on, the Notes held by the Noteholders who have required prepayment of Notes held by them by a written notice to be given to the Issuer no later than fifteen (15) Business Days before the Prepayment Date. Interest on the Notes accrues until the Prepayment Date (excluding the Prepayment Date).
- 9.4 Any Noteholder whether or not it elects to exercise the right to require prepayment in the case of a Demerger specified in sub-condition 9.1(b) above is deemed to have waived any and all statutory rights under Finnish law to oppose the Demerger in its capacity as a Noteholder.
- 9.5 Each Noteholder that elects to exercise the right to require prepayment in the case of a Demerger specified in sub-condition 9.1(b) above has to confirm in writing that it will not oppose the Demerger or, if it already has opposed the Demerger, is obliged to withdraw any notice of opposing the Demerger on the Prepayment Date at the latest, provided that the Issuer has paid the relevant redemption amount on the Prepayment Date. Further, without prejudice to the Noteholders' primary obligation to withdraw any notices opposing the Demerger, the Noteholders have by these terms and conditions irrevocably authorised the Issuer to represent them with respect to the Finnish Trade Register in order to withdraw the notices opposing the Demerger following the payment of the relevant prepayment amount.

“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 by any of them, either directly or indirectly, of shares in the Issuer, to obtain or consolidate control of the Issuer.

“control” means a person or group of persons acting in concert holding (directly or indirectly) more than 50 per cent of the voting rights (being votes which are capable of being cast generally at meetings of shareholders) of the Issuer.

“Demerger” means a demerger pursuant to Chapter 17 of the Finnish Companies Act (624/2006, as amended from time to time) (in Finnish *Osakeyhtiölaki*).

“Group” has the meaning set out in Condition 11 (*Events of Default*).

“Prepayment Date” means the date falling forty-five (45) Business Days after:

- (c) the last day of the 180 day period referred to in sub-condition 9.1(a)(2) above; or
- (d) the publication of any notice referred to in sub-condition 9.2 above.

“Put Option Event” has the meaning specified in sub-condition 9.1 above.

“Rating Agency” means any internationally recognised rating agency established in the European Economic Area (“EEA”) and registered under Regulation (EU) No 1060/2009, as amended and notified to the Noteholders by the Issuer in accordance with Condition 15 (*Notices*).

10. Redemption at the Option of the Issuer due to the Noteholder’s Opposition of a Demerger

In the event that any Noteholder opposes a Demerger (which, for the avoidance of doubt, is not permitted by these terms and conditions), the Issuer may, by giving not less than ten (10) days’ notice to the Noteholders in accordance with Condition 15 (*Notices*) (which notice shall be irrevocable and specify the redemption date), redeem the Notes held by the Noteholders who have opposed or shall oppose the Demerger. In such case the redemption shall take place at the nominal principal amount of the redeemed Notes together with any accrued interest but without any premium or penalty. Each such Noteholder is obliged to withdraw any notice of opposing the Demerger on the redemption date specified in the Issuer’s notice at the latest, provided that the Issuer has paid the relevant redemption amount on such redemption date. Further, without prejudice to the Noteholders’ primary obligation to withdraw any notices opposing the Demerger, the Noteholders have by these terms and conditions irrevocably authorised the Issuer to represent them with respect to the Finnish Trade Register in order to withdraw the notices opposing the Demerger following the payment of the relevant redemption amount.

11. Negative Pledge

So long as any Note remains outstanding, the Issuer shall not, and the Issuer shall procure that none of its Subsidiaries will, create any mortgage, charge, lien, pledge or other security interest to secure any other notes, bonds or other similar debt securities that are capable of being listed on a stock exchange or subject to trading in a regulated market or multilateral trading facility issued after the issuance of the Notes (or create any such security interest to secure any guarantee or indemnity over such notes or other securities), unless the granting of such security interest is required under Finnish law or other law governing such notes, bonds or other debt securities or unless prior to or simultaneously therewith the Issuer's obligations under the Notes either (a) are secured equally and rateably therewith or (b) have the benefit of such other security interest or other arrangement (whether or not it includes the granting of a security interest) as shall be approved by a resolution of the Noteholders (as referred to in Condition 14 (*Noteholders' Meeting and Procedure in Writing*)).

“**Subsidiary**” means for the purposes of these terms and conditions a subsidiary within the meaning of Chapter 1, Section 6 of the Bookkeeping Act (1336/1997, as amended) (in Finnish *Kirjanpitolaki*).

12. Events of Default

If an Event of Default (as defined below) occurs, any Noteholder may by a written notice to the Issuer declare the outstanding nominal principal amount of such Note together with the interest then accrued on such Note to be prematurely due and payable at the earliest on the tenth (10th) Business Day from the date such notice was received by the Issuer provided that an Event of Default is continuing on the date of receipt of the notice by the Issuer and on the specified early repayment date. Interest accrues until the early repayment date (excluding the early repayment date). The Issuer shall notify the Noteholders of any Event of Default (and the steps, if any, taken to remedy it) in accordance with Condition 15 (*Notices*) promptly upon becoming aware of its occurrence.

Each of the following events shall constitute an Event of Default:

- (a) **Non-Payment:** Any amount of interest on or principal of the Notes has not been paid within five (5) Business Days from the relevant due date, unless the failure to pay is caused by a reason referred to in Condition 16 (*Force Majeure*).
- (b) **Cross Default:** Any outstanding Indebtedness (as defined below) (including any amounts payable under guarantees given by the Issuer) of the Issuer or any of its Material Subsidiaries (as defined below) in a minimum amount of ten million euros (EUR 10,000,000) or its equivalent in any other currency is accelerated prematurely because of default, howsoever described, or if any such Indebtedness is not repaid on the due date thereof or within any applicable grace period after the due date, or if any security given by the Issuer for any such Indebtedness becomes enforceable by reason of an event of default. A Noteholder shall not be entitled to demand repayment under this sub-Condition (b) if the Issuer has *bona fide* disputed the existence of the occurrence of an Event of Default under this sub-Condition (b) in the relevant court or in arbitration as long as such dispute has not been finally and adversely adjudicated against the Issuer without any appeal period.

“**Indebtedness**” means, for the purposes of these terms and conditions, interest bearing debt (whether principal, premium, interest or other amounts) in respect of any notes, bonds or other debt securities or any borrowed money or the amount of any liability in respect of any lease contract which would in accordance with generally accepted accounting principles, standards and practices in force from time to time in Finland, including IFRS be treated as a finance or capital lease of the Issuer or any of its Material Subsidiaries.

- (c) **Negative Pledge:** the Issuer does not comply with its obligations under Condition 11 (*Negative Pledge*).
- (d) **Cessation of Business:** The Issuer ceases to carry on its current business in its entirety.
- (e) **Winding-up:** An order is made or an effective resolution is passed for the winding-up (in Finnish *selvitystila*), liquidation or dissolution of the Issuer or any of its Material Subsidiaries except for (i) actions which are frivolous (in Finnish *perusteeton*) or vexatious (in Finnish *oikeuden väärinkäyttö*), or (ii) in the case of a Material Subsidiary, on a voluntary solvent basis.
- (f) **Insolvency:** (i) The Issuer or any of its Material Subsidiaries becomes insolvent or is unable to pay its Indebtedness having an aggregate value of not less than ten million euros (EUR 10,000,000) or its equivalent in any other currency as it falls due; (ii) or, by reason of actual or anticipated financial difficulties, commences

negotiations with one or more of its creditors other than the Noteholders in their capacity as such with a view to rescheduling any of its Indebtedness or (iii) an application is filed for it being subject to bankruptcy or reorganisation proceedings (other than for the purposes of a de-merger or other similar corporate reorganisation), or for the appointment of an administrator or liquidator of any of the Issuer's or its Material Subsidiaries' assets, save for any such applications that are contested in good faith and as long as such application has not been finally and adversely adjudicated against the Issuer or its Material Subsidiary without any appeal period.

“Group” means for the purposes of these terms and conditions a group (in Finnish *konserni*) within the meaning of Chapter 1, Section 6 of the Bookkeeping Act (1336/1997, as amended) (in Finnish *Kirjanpitolaki*).

“Material Subsidiary” means for the purposes of these terms and conditions, at any time, any Subsidiary of the Issuer:

- (a) whose sales or total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent not less than five (5) per cent of the consolidated sales or the consolidated total assets of the Issuer's Group taken as a whole, all as calculated by reference to the then most recent audited financial statements of the Issuer's Group; or
- (b) to which is transferred the whole or substantially the whole of the sales or assets and undertakings of a Subsidiary which, immediately prior to such transfer, is a Material Subsidiary.

13. Taxation

All payments in respect of the Notes 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 or authority of Finland having power to tax, unless the withholding or deduction of the Taxes is required by law. In such case, the Issuer shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. The Issuer will not be obligated to make any additional payments to the Noteholders in respect of such withholding or deduction.

14. Noteholders' Meeting and Procedure in Writing

- (a) The Issuer may convene a meeting of Noteholders (a **“Noteholders' Meeting”**) or request a procedure in writing among the Noteholders (a **“Procedure in Writing”**) to decide on amendments of these terms and conditions or other matters as specified below. EFi and the Issuer Agent must be notified of the Noteholders' Meeting or a Procedure in Writing in accordance with the rules of EFi.
- (b) Notice of a Noteholders' Meeting and the initiation of a Procedure in Writing shall be published in accordance with Condition 15 (*Notices*) no later than ten (10) calendar days prior to the Noteholders' Meeting or the last day for replies in the Procedure in Writing. Furthermore, the notice or the initiation shall specify the time, place and agenda of the Noteholders' Meeting or the last day and address for replies in the Procedure in Writing (or if the voting is to be made electronically, instructions for such voting) as well as any action required on the part of a Noteholder to attend the Noteholders' Meeting or to participate in the Procedure in Writing. No matters other than those referred to in the notice of Noteholder's Meeting or initiation of the Procedure in Writing may be resolved upon at the Noteholders' Meeting or the Procedure in Writing.
- (c) Only those who, according to the register kept by EFi in respect of the Notes, were registered as Noteholders on the fifth (5th) Business Day prior to the Noteholders' Meeting or the last day for replies in the Procedure in Writing on the list of Noteholders to be provided by EFi in accordance with Condition 15 (*Notices*), or proxies authorised by such Noteholders, shall, if holding any of the principal amount of the Notes at the time of the Noteholders' Meeting or the last day for replies in the Procedure in Writing, be entitled to vote at the Noteholders' Meeting or Procedure in Writing and shall be recorded in the list of the Noteholders present in the Noteholders' Meeting or participating in the Procedure in Writing.
- (d) A Noteholders' Meeting shall be held in Helsinki, Finland, and its chairman shall be appointed by the Issuer.
- (e) A Noteholders' Meeting or a Procedure in Writing shall constitute a quorum only if two (2) or more Noteholders holding in aggregate at least fifty (50) per cent of the principal amount of the Notes outstanding

attend or one (1) Noteholder holding one hundred (100) per cent of the principal amount of the Notes outstanding attends the Noteholders' Meeting or provide/provides replies in the Procedure in Writing. Any holdings of the Notes by the Issuer and any companies belonging to its Group are not included in the assessment whether or not a Noteholders' Meeting or a Procedure in Writing shall constitute a quorum.

- (f) If, within thirty (30) minutes after the time specified for the start of the Noteholders' Meeting, a quorum is not present, any consideration of the matters to be dealt with at the Noteholders' Meeting may, at the request of the Issuer, be adjourned for consideration at a Noteholders' Meeting to be convened on a date no earlier than ten (10) calendar days and no later than forty-five (45) calendar days after the original meeting at a place to be determined by the Issuer. Correspondingly, if by the last day to reply the Procedure in Writing constitutes no quorum, the time for replies may be extended as determined by the Issuer. The adjourned Noteholders' Meeting or the extended Procedure in Writing shall constitute a quorum if two (2) or more Noteholders holding in aggregate at least ten (10) per cent of the principal amount of the Notes outstanding or one (1) Noteholder holding one hundred (100) per cent of the principal amount of the Notes outstanding are/is present or provide/provides replies in the Procedure in Writing.
- (g) Notice of an adjourned Noteholders' Meeting or the extension of the time for replies in the Procedure in Writing, shall be given in the same manner as notice of the original Noteholders' Meeting or the Procedure in Writing. The notice shall also state the conditions for the constitution of a quorum.
- (h) Voting rights of the Noteholders shall be determined according to the principal amount of the Notes held. The Issuer and any companies belonging to its Group shall not hold voting rights at the Noteholders' Meeting or the Procedure in Writing.
- (i) Subject to Condition 14(l) below, resolutions shall be carried by a majority of more than fifty (50) per cent of the votes cast.
- (j) When consent from the Noteholders representing the requisite majority, pursuant to Condition 14(i) or Condition 14(l), as applicable, has been received in the Procedure in Writing, the relevant decision shall be deemed to be adopted even if the time period for replies in the Procedure in Writing has not yet expired.
- (k) A representative of the Issuer and a person authorised to act for the Issuer may attend and speak at a Noteholders' Meeting.
- (l) A Noteholders' Meeting or a Procedure in Writing is entitled to make the following decisions that are binding on all the Noteholders:
 - (i) to amend these terms and conditions of the Notes; and
 - (ii) to grant a temporary waiver on these terms and conditions of the Notes.

However, consent of at least seventy-five (75) per cent of the aggregate principal amount of the outstanding Notes is required to:

- (i) decrease the principal amount of or interest on the Notes;
- (ii) extend the maturity of the Notes;
- (iii) amend the requirements for the constitution of a quorum at a Noteholders' Meeting or Procedure in Writing; or
- (iv) amend the majority requirements of the Noteholders' Meeting or Procedure in Writing.

The consents can be given at a Noteholders' Meeting, in the Procedure in Writing or by other verifiable means.

The Noteholders' Meeting and the Procedure in Writing can authorise a named person to take necessary action to enforce the decisions of the Noteholders' Meeting or of the Procedure in Writing.

- (m) Resolutions passed at a Noteholders' Meeting or in the Procedure in Writing shall be binding on all Noteholders irrespective of whether they have been present at the Noteholders' Meeting or participated in the Procedure in Writing, and irrespective of how and if they have voted.
- (n) Resolutions passed at a Noteholders' Meeting or in the Procedure in Writing shall be notified to the Noteholders in accordance with Condition 14 (*Notices*). In addition, Noteholders are obliged to notify subsequent transferees of the Notes of the resolutions of the Noteholders' Meeting or the Procedure in Writing.

The Issuer shall have the right to amend the technical procedures relating to the Notes in respect of payments or other similar matters without the consent of the Noteholders, a Noteholders' Meeting or a Procedure in Writing. For the sake of clarity, any resolution at a Noteholders' Meeting or in a Procedure in Writing, which extends or increases the obligations of the Issuer, or limits, reduces or extinguishes the rights or benefits of the Issuer, shall be subject to the consent of the Issuer.

15. Notices

Noteholders shall be advised of matters relating to the Notes by a stock-exchange release, a notice published on the official website of the Issuer or a notice published in Helsingin Sanomat or any other major Finnish daily newspaper selected by the Issuer. Any such notice shall be deemed to have been received by the Noteholders when published in the manner specified above.

The Issuer may deliver notices on the Notes in writing directly to the Noteholders at the address appearing on the list of the Noteholders provided by EFi in accordance with the below paragraph (or e.g. through EFi's book-entry system or account operators of the book-entry system). Any such notice shall be deemed to have been received by the Noteholders on the fourth (4th) Business Day following dispatch.

Notwithstanding any secrecy obligation, the Issuer and the Issuer Agent shall, subject to the rules of EFi and applicable laws, be entitled to obtain information of the Noteholders from EFi and EFi shall be entitled to provide such information to the Issuer. Furthermore, the Issuer shall, subject to the rules of EFi and applicable laws, be entitled to acquire from EFi a list of the Noteholders, provided that it is technically possible for EFi to maintain such a list. The Issuer shall be entitled, at the request of the Issuer Agent, to pass on such information to the Issuer Agent.

Address for notices to the Issuer is as follows:

Finnair Plc
Tietotie 9
Vantaa
FI-01053 FINNAIR

Addresses for notices to the Lead Managers and the Issuer Agent are as follows:

Danske Bank A/S
c/o Danske Bank Oyj

Debt Capital Markets
Hiililaiturinkuja 2
Helsinki
FI-00075 DANSKE BANK

Nordea Bank AB (publ)
c/o Nordea Bank AB (publ), Finnish Branch
Satamaradankatu 5
Helsinki
FI-00020 NORDEA

16. Force Majeure

The Issuer, the Lead Managers, the Issuer Agent or the Paying Agent shall not be responsible for any losses of the Noteholders resulting from:

- (a) action of any authorities, war or threat of war, rebellion or civil unrest;
- (b) disturbances in postal, telephone or electronic communications or the supply of electricity which are due to circumstances beyond the reasonable control of the Issuer, the Lead Managers, the Issuer Agent or the Paying Agent and that materially affect operations of any of them;
- (c) any interruption of or delay in any functions or measures of the Issuer, the Lead Managers, the Issuer Agent or the Paying Agent as a result of fire or other similar disaster;
- (d) any industrial action, such as strike, lockout, boycott or blockade affecting materially the activities of the Issuer, the Lead Managers, the Issuer Agent or the Paying Agent even if it only affects part of the employees of any of them and whether any of them is involved therein or not; or
- (e) any other similar force majeure or hindrance which makes it unreasonably difficult to carry on the activities of the Issuer, the Lead Managers, the Issuer Agent or the Paying Agent.

17. Prescription

In case any payment under the Notes has not been claimed by the respective Noteholder entitled to this payment within three (3) years from the original due date thereof, the right to such payment shall be forfeited by the Noteholder and the Issuer shall be permanently free from such payment.

18. Listing and Secondary Market

An application will be made to have the Notes listed on the Helsinki Stock Exchange maintained by Nasdaq Helsinki Ltd.

Offers to purchase and sell Notes may be submitted to the Lead Managers, but the Lead Managers are under no obligation to maintain a secondary market for the Notes.

19. Purchases

The Issuer may at any time purchase Notes in any manner and at any price. If purchases are made by tender, tenders must be available to all Noteholders alike.

The Issuer shall be entitled to cancel, dispose of or hold the Notes purchased in accordance with the first paragraph of this Condition 19.

20. Further Issues

The Issuer may from time to time, without the consent of and notice to the Noteholders, create and issue further notes having the same terms and conditions as the Notes in all respects (except for the first payment of interest on them, the issue price and/or the minimum subscription amount thereof) by increasing the issued and, if needed, also the maximum aggregate principal amount of the Notes or otherwise. For the avoidance of doubt, this Condition 20 shall not limit the Issuer's right to issue any other notes.

21. Information

Copies of the documents relating to the Notes shall be available for inspection during office hours at the office of the Issuer at Tietotie 9, FI-01053 Vantaa, at Danske Bank Oyj, Hiililaiturinkuja 2, FI-00180 Helsinki and at Nordea Bank AB (publ), Finnish Branch, Satamaradankatu 5, FI-00020 Helsinki.

22. Applicable Law and Jurisdiction

The Notes are governed by Finnish law.

Any disputes relating to the Notes shall be settled in the first instance at the District Court of Helsinki (in Finnish *Helsingin käräjäoikeus*).

ADDITIONAL INFORMATION ON THE ISSUE OF THE NOTES

Form of the Notes:	Securities in dematerialised, book-entry form issued in the Infinity-book-entry securities system maintained by Euroclear Finland Ltd.
Depository and settlement system:	Euroclear Finland Ltd, Urho Kekkosen katu 5 C, FI-00100, Helsinki, Infinity-system of Euroclear Finland Ltd.
Effective yield of the Notes:	At the issue price of 99.925 per cent, 2.266 per cent per annum.
Issuing Agent:	Nordea Bank AB (publ), Finnish Branch.
Publication date and investors:	The result of the Offering was announced on 22 March 2017 and the Notes were allocated mainly to institutional investors.
Listing:	Application has been made to have the Notes listed on the Helsinki Stock Exchange maintained by Nasdaq Helsinki Ltd.
Estimated time of Listing:	On or about 31 March 2017.
Interests of the participants of the participants of the Offering:	Interests of the Lead Managers: Business interest normal in the financial markets.
Estimated net amount of the proceeds:	The aggregate net proceeds to the Company from the Offering, after deduction of the fees and expenses payable by the Company, will be approximately EUR 199,200,000.
Estimated expenses related to the Offering:	The fees and expenses incurred in connection with the Offering and payable by the Issuer amount in aggregate to an estimated EUR 650,000.
Use of proceeds:	The proceeds have on the Issue Date been used for the partial redemption of the Existing Notes that were offered for purchase on the basis of the Tender Offer. The remaining proceeds are intended to be used for general corporate purposes.
Date of the entry of the Notes to the book-entry system	Notes subscribed and paid for have been entered by the Issuing Agent to the respective book-entry accounts of the subscribers on 29 March 2017 in accordance with the Finnish legislation governing book-entry system and book-entry accounts as well as regulations and decisions of Euroclear Finland Ltd.

INFORMATION ABOUT THE ISSUER

General

The business name of the Issuer is Finnair Plc and it is domiciled in Helsinki, Finland. The Issuer is a public limited liability company incorporated on 1 November 1923, and it is organised under the laws of Finland. The Issuer is registered in the Finnish Trade Register under the business identity code 0108023-3. Its registered address is Tietotie 9 A, FI-01053, Vantaa, Finland, and telephone number +358 600 0 81881.

In accordance with section 2 of the Issuer's Articles of Association, the Company's 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. 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 Airport. Finnair currently serves 17 Asian long-haul destinations, three U.S. destinations and over 70 European destinations, across a mix of financial centres and leisure destinations.

As at 28 February 2017, the Issuer's share capital amounted to EUR 75,442,904.30 consisting of 128,136,115 shares. The State of Finland (acting through the Prime Minister's Office) owned approximately 55.81 per cent of the Issuer's shares, while approximately 7.79 per cent were held in the name of a nominee. 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.

The backbone of Finnair's flight network is its operational hub at Helsinki Airport in Finland where Finnair is the largest airline tenant. Finnair's route network is designed so that it connects Finnair's European destinations to a growing number of Asian destinations via Helsinki Airport. The favourable geographic position of Helsinki Airport in the North-Eastern corner of Europe allows the shortest travel time between Europe and Asia in the case of more than 300 relevant city-pair combinations. Finnair's European route network offers several daily frequencies between selected European cities and Helsinki Airport, enabling efficient feeder traffic for the long-haul flights to Asia, offering more destinations to Asian customers in Europe and offering Finnish and European business customers a possibility for an intra-day return trip. Based on the Issuer's estimate, in 2016, Finnair's market share increased in European traffic (between Helsinki and Finnair's European destinations) and also rose in Asian traffic slightly. In 2016, Finnair accounted for a 5.6 per cent market share in its Europe-Asia routes, with 49.7 per cent of its RPKs (revenue passenger kilometres) being contributed by Asian traffic (Source: SRS Analyzer data for Europe to Asia Finnair routes only, seasonal routes not included, December 2016). The relatively large exposure to Asia positions Finnair to benefit from the high growth expected from the Asian aviation markets. In its Global Market Forecast Report 2016, Airbus reported that out of the 6.6 trillion global RPK in 2015, Asia-Pacific accounted for 30 per cent (North America 24 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 2035 (estimated at 16 trillion) demonstrating a CAGR (compound annual growth) of 5.7 per cent over the period (North America 19 per cent with 2.9 per cent CAGR over the period, Europe 22 per cent with 3.7 per cent CAGR over the period, Middle East 11 per cent with 5.7 per cent CAGR over the period, and others 12 per cent).

Finnair is the only Nordic carrier with a 4-star Skytrax ranking, a measure of passenger satisfaction, and it is a member of the **oneworld**TM alliance. Finnair also engages in closer cooperation with certain **oneworld**TM partners through participation in immunised joint businesses, namely the Siberian Joint Business ("**SJB**") and Atlantic Joint Business ("**AJB**"). The immunised joint businesses are agreements covering revenue sharing and allowing price and capacity coordination for flights to the route areas in question. In autumn 2016, Iberia joined Finnair, Japan Airlines and British Airways as a member of the SJB. In addition to the scheduled passenger and air-cargo markets, based on the Issuer's estimate, Finnair has a strong position in the Finnish leisure traffic and travel services markets.

The segment reporting of Finnair's financial statements has previously been based on business segments. The reporting business segments in 2015 were Airline Business and Travel Services. Due to Finnair's recent business developments and restructuring of organisation, Finnair currently considers the business as one operating segment. Therefore, segment information is no longer reported. Respectively, Finnair has one business and reporting segment: Airline Business.

In 2016, Finnair's revenues amounted to EUR 2,316.8 million and Finnair carried 10.87 million passengers. During the same period, 40.4 per cent of Finnair's passenger revenue came from Asian traffic, 41.1 per cent from European traffic, 6.2 per cent from North Atlantic traffic and 7.5 per cent from domestic traffic.

History and Development

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 **oneworld**TM alliance, which currently comprises 14 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 2016, Finnair entered into an accelerated growth phase with the new deliveries of Airbus A350 aircraft that will form the backbone of Finnair's growth strategy in the coming years. Based on the currently available published flight schedules, Finnair will be the largest European airline in Japan in the summer of 2017 (measured by the number of flights). During 2017, the route network is expected to further expand with, among other destinations, Reykjavik in Iceland, San Francisco in United States, Goa in India, Havana in Cuba, Puerto Plata in the Dominican Republic and Puerto Vallarta in Mexico and direct routes from European cities to Finnish Lapland. In 2016, Finnair also began to offer stopovers in Finland for its passengers travelling between Asia and Europe.

Finnair has focused on maintaining access to diverse sources of funding to finance its fleet investments and to ensure adequate liquidity in a difficult economic environment by, among others, asset backed facilities, the issuance of hybrid bonds and unsecured notes. In addition, in June 2016 Finnair signed a binding EUR 175 million syndicated revolving credit facility with three-year tenor and two one-year extension options for general corporate purposes. The revolving credit facility replaced a syndicated revolving credit facility signed in July 2013, which was unutilised. Finnair also has an unused EUR 200 million short-term commercial paper programme.

On 13 March 2017, the Issuer announced an invitation to the holders of the Issuer's existing EUR 150,000,000 notes due 2018 issued on 29 August 2013, with ISIN code FI4000068598, (the "**Existing Notes**") to tender their Existing Notes for purchase by the Issuer for cash (the "**Tender Offer**"). The Tender Offer was made on the terms and subject to the conditions contained in the tender offer memorandum (the "**Tender Offer Memorandum**") dated 13 March 2017. On 29 March 2017, the Issuer completed a purchase of a total nominal value of EUR 85,082,000 of the Existing Notes validly tendered in the Tender Offer. As at the date of this Listing Prospectus, the total outstanding nominal amount of the Existing Notes is EUR 64,918,000 million.

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 have included various sourcing and outsourcing arrangements.

Recent Changes in Business Operations

During the last quarter of 2016, Finnair sold its subsidiary SMT Oy to American Express Global Business Travel. Further during 2016, Finnair Group acquired ATR maintenance business from Nordic Regional Airlines Oy and divested its ownership in associated company Amadeus Eesti As. The transactions completed in 2016 did not have a material effect on Finnair's results. In the end of 2015, Finnair sold its ownership in the Estonian subsidiary Estravel AS, including Estravel's Lithuanian subsidiary Estravel Vilnius UAB. The transaction did not have material effect on Finnair's results.

Finnair contracts with Nordic Regional Airlines (Norra) for some of its short-haul traffic. Until 31 March 2015, Norra was a joint venture between Finnair and Flybe UK Ltd. It was classified as assets held for sale until Finnair further sold the 60 per cent share of Norra to Staffpoint Holding Oy and Kilco Oy in the fourth quarter of 2015. Due to the sale Norra became a joint venture of Finnair and the new owners.

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.

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 November 2016 LSG Group announced it would not use its option to purchase the shares of LSG Sky Chefs Finland Oy and the cooperation between Finnair and LSG in its current form will stop at the latest by 1 August 2017. Finnair and the LSG Group entered into negotiations regarding the return of control of LSG SkyChefs Finland Oy to Finnair, which will allow Finnair to form a new cooperation model in catering services. LSG Sky Chefs Finland Oy is Finnair's 100-per cent owned subsidiary, but fully under LSG Group's control since 2012, operating on the Helsinki Airport premises. The company prepares and supplies meals and other services for inflight sales products, primarily for Finnair but also for other airlines operating at Helsinki Airport. It currently employs 480 persons. Finnair is evaluating the structure of these services going forward. Negotiations between the Issuer and LSG have been progressing well, and the management of the Issuer believes that reaching an agreement is possible ahead of the communicated schedule, or no later than 1 August 2017. In case control of LSG Sky Chefs Finland Oy would return to Finnair, the company would be consolidated to Finnair Group from change on control date onwards. Potential change of control requires approval from competition authorities.

Organisational Structure

The Issuer's organisation consists of Commercial, Customer Experience, Operations and Shared Functions. Shared functions in Finnair's Group Administration are Finance and Control, People and Culture, Communications and Corporate Responsibility, Legal Affairs and Internal Audit.

The Issuer is the parent company of the Finnair Group. 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. The following table sets forth the subsidiaries of the Issuer:

Name of the company	Group ownership %	Name of the company	Group ownership %
Finnair Cargo Oy, Finland	100.0	A/S Aero Airlines, Estonia	100.0
Finnair Aircraft Finance Oy, Finland	100.0	Balticport Oü, Estonia	100.0
Finnair ATR Finance Oy, Finland	100.0	LSG Sky Chefs Finland Oy, Finland *	100.0
Finnair Technical Services Oy, Finland	100.0	Amadeus Finland Oy, Finland	95.0
Finnair Engine Services Oy, Finland	100.0	Oy Aurinkomatkat - Suntours Ltd Ab, Finland	100.0
Finnair Travel Retail Oy, Finland	100.0	Aurinko Oü, Estonia	100.0
Finnair Flight Academy Oy, Finland	100.0	Matkayhtymä Oy, Finland	100.0
Kiinteistö Oy Lentokonehuolto, Finland	100.0	OOO Aurinko, Russia	100.0
Northport Oy, Finland	100.0	FTS Financial Services Oy, Finland	100.0
Kiinteistö Oy LEKO 8, Finland	100.0	Back Office Services Estonia Oü, Estonia	100.0
Kiinteistö Oy Air Cargo Center 1, Finland	100.0		

* LSG Sky Chefs Finland Oy is the Issuer's 100 per cent owned subsidiary but fully under LSG Group's control. LSG had a call option to purchase the shares, but at the end of 2016 LSG Group decided that it will not exercise its purchase option of LSG Sky Chefs Finland Oy. As a result, the Issuer and LSG started negotiations on the return of control of LSG SkyChefs Finland Oy to Finnair, which will allow Finnair to form a new cooperation model in catering services.. For more information, please see section "*Recent Changes in Business Operations*" above.

Vision and Strategy

Finnair updated its vision in 2015. The new vision of Finnair is to provide a unique Nordic Experience to the customers of Finnair. The aim of the new vision is to provide strategic direction after many years of heavy restructuring and cost cutting: Finnair's route network connects Asia, North America and the northern regions of Europe and beyond through its hub at Helsinki Airport. The operations are based on quality, reliability, safety and design inspired by Nordic pure nature. The vision is expressed for example in easy-to-use digital services and in the enhancement of services. In May 2016, the Board of Directors of the Issuer decided on four new strategic focus areas: profitable growth, improved customer experience, improved people experience, and digital transformation. During 2016, Finnair's sustainability strategy was also revised embedding sustainability even deeper in the group strategy and in the Finnair brand.

Finnair offers smooth and fast connections in the northern hemisphere via Helsinki and it also offers a wide network to the world from its home markets. Finnair is focusing on Asian markets. One important strategic target is to double its Asian traffic by 2018 from the 2010 level. The strategy to focus on Europe to Asia routes is supported by Helsinki 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. According to Finnair's calculations, Helsinki 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).

The backbone of Finnair's growth strategy is investment into the new wide-body Airbus A350 fleet. The Issuer currently has seven Airbus A350 aircraft, four are planned to be taken into use during 2017 and eight more to be taken into use by 2023. The A350 has superior operating economics compared to its predecessors (A340 aircraft) it will replace, due to significantly lower fuel consumption and reduced emissions and noise. The current revised long-haul fleet plan will grow the wide body fleet from 19 to 26 aircraft by 2023.

With its strategy, the Issuer has set the following financial targets:

- Comparable operating result at least 6 per cent of revenue;
- Comparable EBITDAR at least 17 per cent of revenue;
- Return on capital employed (ROCE) at least 7 per cent;
- Adjusted gearing no more than 175 per cent; and
- To pay, on average, at least one-third of the earnings per share as a dividend during an economic cycle taking into account the Issuer's earning outlook, financial situation and capital needs for any given period.

The business and sustainability targets of the Issuer are the following:

- Capacity growth (ASK), of 8 to 10 per cent on average in 2017 and 2018, revenue growth, increase of ancillary and retail revenue per passenger;
- Customer satisfaction, NPS (Net Promoter Score) per cent increase on the previous year, punctuality at least 89 per cent;
- Personnel experience overall grade of at least 3.75, absences due to illness decrease from the previous year, less than 14.8 work related accidents;

- Growth of sales through digital touch-points of over 15 per cent, productivity improvement in selected areas of at least 10 per cent; and
- 1.5 per cent efficiency improvement (measured by reduction in carbon dioxide emissions per revenue tonne kilometre) annually, carbon neutral growth in 2020 and beyond.

Business Overview

The segment reporting of Finnair's financial statements has previously been based on business segments. In 2015 the reporting segments were Airline Business and Travel Services. Due to Finnair's business developments and restructuring of organisation, the Issuer's Executive Board, defined as the chief operative decision maker according to IFRS 8 Segment reporting, currently considers the business as one operating segment. Therefore, segment information is no longer reported. The previous operational segment Travel Services (tour operators and travel agencies) is combined with the Airline Business segment, since management sees Travel Services as one sales channel in airline business instead of considering it as separate business line and thus operating segment. Therefore, Finnair has one business and reporting segment: Airline Business.

	1-12/2016	1-12/2015	Change %
REVENUE BY PRODUCT	<i>(EUR in millions)</i>		
Passenger revenue	1,816.1	1,766.0	2.8
Ancillary and retail revenue	125.5	103.2	21.6
Cargo	173.8	183.7	-5.4
Travel services	187.5	177.8	5.5
Travel agencies	13.8	23.8	-42.0
Total	2,316.8	2,254.5	2.8

Finnair Group's key sources of revenue are passenger transportation, ancillary, cargo and travel services. The travel services consists of the tour operator Oy Aurinkomatkat Suntours Ltd Ab, its subsidiary operating in Estonia, as well as Amadeus Finland, which produces travel sector information systems and solutions. The tour operator Oy Aurinkomatkat Suntours Ltd Ab uses Finnair's capacity planning and distribution.

In 2016, passenger transportation accounted for 78.4 per cent of Finnair's revenue, while ancillary and retail revenue accounted for 5.4 per cent, cargo for 7.5 per cent, travel services for 8.1 per cent and travel agencies for 0.6 per cent. Ancillary includes extra baggage fees, advance seat selection, upgrade options, economy comfort product in long-haul and sky bistro in short-haul economy.

Fleet

Fleet Operated by Finnair

Finnair's fleet is managed by Finnair Aircraft Finance Oy, a wholly-owned subsidiary of the Issuer. At the end of December 2016, Finnair itself operated 49 aircraft, of which 19 are wide-body and 30 narrow-body aircraft. Of the aircraft, 26 were owned by Finnair, 16 were on operating lease and 7 on finance lease.

The average age of the fleet operated by Finnair was 10.1 years at the end of 2016.

The fleet operated by Finnair as at 31 December 2016 is described in the table below:

Fleet operated by Finnair as at 31 December 2016*			Change from 31 December 2015	Own**	Leased		Average age at 31 December 2016	
	Seats	Number of aircraft			(Operating lease)	(Finance lease)		Ordered
Narrow-body fleet								
Airbus A319	138	9		7	2		15.4	
Airbus A320	165	10		7	1	2	14.4	
Airbus A321	209/196	11		4	5	2	10.1	
Wide-body fleet								
Airbus A330	289/263	8			5	3	7.2	
Airbus A340	263/257	4	-1	4***			9.0	
Airbus A350	297	7	4	4	3		0.8	12
Total		49	3	26	16	7	10.1	12

* Finnair's Air Operator Certificate (AOC)

** Included Japanese Operating Leases with Call Option (JOLCO) financed A350 aircraft.

*** Only one of the A340s was in operation as at 31 December 2016

Renewal of the Long-haul Fleet

Finnair has ordered a total of 19 Airbus A350 XWB aircraft from Airbus, three of which were delivered in 2015 and four in 2016. According to the current delivery schedule, Finnair will receive four new A350 aircraft in 2017 and the remaining eight between 2018 and 2023. Finnair's investment commitments for property, plant and equipment, totalling EUR 1,601 million, include the upcoming investments in the long-haul fleet. Finnair plans to phase out its A340 aircraft by the end of 2017, following the successful delivery and entry into service of the A350 XWB aircraft. Finnair has agreed to sell its remaining four Airbus A340-300 aircraft back to Airbus. Finnair has the possibility to adjust the size of its fleet flexibly according to demand and outlook due to its lease agreements of different durations.

Fleet Operated by Norra (Purchased Traffic)

Nordic Regional Airlines (Norra) operates a fleet of 24 aircraft for Finnair on a contract flying basis. Of the aircraft operated by Norra, 14 are owned by Finnair and 10 are leased. The planned disposal of one ATR 72 from the fleet was postponed to the first half of 2017. The table below sets forth the fleet operated by Norra as at 31 December 2016:

Fleet operated by Norra as at 31 December 2016*	Seats	Number of aircraft	Change from 31 December 2015	Aircraft owned by Finnair	Leased** (Operating lease)	Average age at 31 December 2016	Ordered
ATR 72	68-72	12		6	6	7.4	
Embraer 170	76		-2				
Embraer 190	100	12		8	4	8.5	
Total		24	0	14	10	8.0	0

* Nordic Regional Airlines Oy's Air Operator Certificate (AOC).

** Finnair's subsidiary Finnair Aircraft Finance has leased these aircraft and subleased them to Nordic Regional Airlines.

Capital Expenditure

In 2016, capital expenditure excluding advance payments totalled EUR 518.9 million and was primarily related to fleet investments. Net cash flow from investments (capital expenditure) totalled -475.7 million euros, including advance payments. Cash flow from investments for 2017 is estimated at approximately EUR 530 million, or EUR 300 million net, if the sale and leaseback agreement signed for the A350 aircraft scheduled for delivery in 2017 will be finalised as planned. Current estimate of the sales and foreign exchange gain on the transaction is

unchanged at EUR 40–45 million depending on the EUR/USD rate at the time of the transaction. The cash flow from investments includes, in addition to investment commitments, also an estimate of investments which have been decided on, but not yet concluded with a counterparty. The investment financing need in 2017 may potentially be reduced by sales of aircraft to be carried out at a later time.

Finnair will add seating capacity to its current Airbus narrow-body aircraft in 2017–2018 by modifying storage and technical space at the front and rear of the aircraft. The seat configuration investment concerns 23 narrow-body Airbus. In addition to fleet investments, Finnair is developing a modern cargo terminal to be commissioned in 2017. The value of the investment is approximately EUR 80 million. Finnair plans to install wireless internet connectivity to its entire Airbus fleet by the end of 2018. Finnair's investment commitments for property, plant and equipment as at 31 December 2016 totalled EUR 1,601 million. The investments are planned to be financed either through debt or cash flow or a combination thereof, or through leasing arrangements.

Legal Proceedings

In February 2017, following unsuccessful negotiations with the Finnish Competition and Consumer Authority regarding the interpretation of the 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, the Company was informed that the Finnish Competition and Consumer Authority is considering legal action against the Issuer in the Market Court. Whilst the Issuer expects that such potential claim would center on the compensation policies applied by the Issuer, the extent and potential impact of such claim, if successful, cannot be reasonably ascertained in advance. In the Issuer's view any such claim would be unjustified and it intends to defend its rights in possible proceedings in the Market Court.

The Issuer is also on the date of this Prospectus party to some consumer disputes relating to the interpretation of the Regulation (EC) 261/2004 and of the related rulings of the Court of Justice of the European Union. The monetary liability that may arise for the Issuer directly from any such disputes, if determined adversely to the Issuer, would be very limited. However, while there is legal uncertainty regarding the interpretation of the Regulation and the related EU Court rulings, such disputes could eventually result in stricter interpretation becoming applicable and therefore increased compensations payable to passengers. The extent and potential impact of such stricter interpretation cannot be reasonably ascertained in advance.

Other than as described above, the Issuer has not, during the previous twelve months preceding the date of this Listing Prospectus, had any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), which may have, or have had in the recent past significant and material adverse effects on the Issuer and/or its subsidiaries' financial position or profitability. The Issuer's management is not aware of any facts or circumstances that could reasonably be expected to lead to any material claims being made against the Issuer or any of its subsidiaries in the foreseeable future.

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 Finnair or any of its subsidiaries or associated companies being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to the holders of the Notes.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following is a summary of Finnair's consolidated financial information as at and for the financial years ended 31 December 2016 and 31 December 2015. The information in this summary has been derived from Finnair's audited consolidated financial statement for the financial year ended 31 December 2016 which has been incorporated into this Listing Prospectus by reference. This information should be read in conjunction with, and is qualified in its entirety by reference to, such financial statements and related notes. Finnair's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. Unless otherwise stated, the information presented in the tables below for the financial year ended 31 December 2016 and financial year ended 31 December 2015 has been audited. The consolidated income statement for the financial year ended 31 December 2015 is unaudited as Finnair has revised its external financial reporting as from the first quarter of 2016. The changes were made since the Company's structure has changed in recent years and the new reporting better reflects the Group's present structure and strategy. For more information on the changes made to Finnair's reporting, please see section "*Financial Information and Prospects – Historical Financial Information*".

	For the year ended 31 December	
	2016	2015
	(audited)	(unaudited)
	<i>(in mill. EUR)</i>	<i>(in mill. EUR)</i>
CONSOLIDATED INCOME STATEMENT		
Revenue	2,316.8	2,254.5
Other operating income	75.5	85.2
Operating expenses		
Staff costs	-362.5	-353.2
Fuel costs	-491.5	-595.5
Other rents	-167.4	-159.4
Aircraft materials and overhaul	-147.3	-118.9
Traffic charges	-262.8	-258.5
Ground handling and catering expenses	-258.9	-250.3
Expenses for tour operations	-87.8	-79.6
Sales and marketing expenses	-76.9	-74.0
Other expenses	-266.6	-219.3
Comparable EBITDAR	270.4	231.2
Lease payments for aircraft	-109.5	-99.3
Depreciation and impairment	-105.8	-108.1
Comparable operating result	55.2	23.7
Fair value changes in derivatives and changes in exchange rates of fleet overhauls	32.0	-12.3
Items affecting comparability	29.0	110.2
Operating result	116.2	121.7
Financial income	1.0	1.3
Financial expenses	-11.5	-9.7
Share of results in associates and joint ventures	0.0	0.1
Result before taxes	105.8	113.3
Income taxes	-20.6	-23.6
Result for the period	85.1	89.7
Attributable to		
Owners of the parent company	85.1	89.4
Non-controlling interests	0.0	0.3
Earnings per share attributable to shareholders of the parent company, EUR (basic and diluted)	0.55	0.57

**For the year ended
31 December**
2016 2015

	(audited) (in mill. EUR)	(audited) (in mill. EUR)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		
Result for the period	85.1	89.7
Other comprehensive income items		
Items that may be reclassified to profit or loss in subsequent periods		
Change in fair value of hedging instruments	145.2	-14.1
Translation differences	0.0	0.6
Tax effect	-29.0	2.8
Items that will not be reclassified to profit or loss in subsequent periods		
Actuarial gains and losses from defined benefit plans	-18.1	37.7
Tax effect	3.6	-7.5
Other comprehensive income items total	101.7	19.5
Comprehensive income for the period	186.9	109.2
Attributable to		
Owners of the parent company	186.9	108.9
Non-controlling interests	0.0	0.3

	As at 31 December 2016 (audited) (in mill. EUR)	2015 (audited) (in mill. EUR)
CONSOLIDATED BALANCE SHEET		
ASSETS		
Non-current assets		
Intangible assets	12.4	9.5
Tangible assets	1,166.5	811.6
Investments in associates and joint ventures	2.5	2.6
Loan and other receivables	7.4	8.7
Deferred tax assets	0.0	9.1
Non-current assets total	1,188.7	841.5
Current assets		
Inventories	14.9	11.8
Trade and other receivables	211.9	208.5
Derivative financial instruments	176.6	155.8
Other financial assets	727.9	427.7
Cash and cash equivalents	69.4	280.5
Current assets total	1,200.7	1,084.3
Assets held for sale	139.3	124.5
Assets total	2,528.7	2,050.3
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	75.4	75.4
Other equity	781.6	652.0
Equity total	857.0	727.5
Non-current liabilities		
Deferred tax liabilities	32.7	0.0
Interest-bearing liabilities	617.3	271.0
Pension obligations	31.9	4.4
Provisions	63.6	55.7

Other liabilities	4.9	15.8
Non-current liabilities total	750.4	346.9
Current liabilities		
Provisions	22.2	38.3
Interest-bearing liabilities	100.4	75.2
Trade payables	94.4	67.5
Derivative financial instruments	25.2	180.5
Deferred income and advances received	424.6	374.8
Liabilities related to employee benefits	93.4	91.0
Other liabilities	161.1	148.7
Current liabilities total	921.3	976.0
Liabilities total	1,671.7	1,322.9
Equity and liabilities total	2,528.7	2,050.3

	For the year ended 31 December	
	2016	2015
	(audited)	(audited)
	<i>(in mill. EUR)</i>	<i>(in mill. EUR)</i>
CONSOLIDATED STATEMENT OF CASH FLOWS		
Cash flow from operating activities		
Result for the period	85.1	89.7
Depreciation and impairment	102.9	148.5
Other adjustments to result for the period		
Financial income and expenses	10.5	8.4
Share of results in associates and joint ventures	0.0	-0.1
Income taxes	20.6	23.6
EBITDA	219.2	270.2
Non-cash transactions*	-50.0	-137.5
Changes in working capital	55.5	43.1
Financial expenses paid, net	-5.0	-4.6
Income taxes paid	0.0	-0.2
Net cash flow from operating activities	219.7	171.0
Cash flow from investing activities		
Investments in intangible assets	-10.3	-4.3
Investments in tangible assets	-475.7	-352.5
Divestments of fixed assets and group shares	153.2	448.1
Net change in financial assets maturing after more than three months	-168.4	-14.4
Change in non-current receivables	1.6	1.7
Net cash flow from investing activities	-499.6	78.6
Cash flow from financing activities		
Proceeds from loans	377.4	0.0
Loan repayments and changes	-115.1	-82.5
Hybrid bond repayments	-38.3	-81.7
Proceeds from hybrid bond	0.0	200.0
Hybrid bond interests and expenses	-19.1	-17.6
Purchase of own shares	-4.3	0.0
Dividends paid	0.0	-0.2
Net cash flow from financing activities	200.5	18.1
Change in cash flows	-79.3	267.7

Liquid funds, at beginning	457.7	190.1
Change in cash flows	-79.3	267.7
Liquid funds, at end **	378.4	457.7

Notes to consolidated cash flow statement

* Non-cash transactions

Employee benefits	15.1	15.6
Fair value changes in derivatives	-34.0	2.1
Gains and losses on aircraft and other transactions	-30.4	-121.5
Other adjustments	-0.6	-33.7

Total	-50.0	-137.5
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** Liquid funds

Other financial assets	727.9	427.7
Cash and cash equivalents	69.4	280.5

Liquid funds in balance sheet	797.3	708.2
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Maturing after more than three months	-418.9	-250.5
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Total	378.4	457.7
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Finnair sees appropriate to publish certain additional key figures in its financial statements in addition to IFRS key figures to describe its operational and financial performance, to provide a comparable view of its business and to enable better comparability relative to its peers operating in the airline industry. These additional key figures include for example comparable operating EBITDAR and result, adjusted interest-bearing net debt and adjusted gearing. The alternative key figures do not replace IFRS key figures. The following table sets forth the key figures of Finnair for the financial years ended 31 December 2016 and 2015.

	For the year ended 31 December	
	2016	2015
	(audited)	(audited)
	<i>(in mill. EUR)</i>	<i>(in mill. EUR)</i>
KEY RATIOS		
Revenue and result		
Revenue, EUR million*	2,316.8	2,254.5 ¹
Comparable operating result, EUR million**	55.2	23.7
Operating result, EUR million	116.2	121.7
Comparable EBITDAR, EUR million	270.4	231.2
Net result, EUR million	85.1	89.7
Balance sheet		
Equity and non-controlling interests	857.0	727.5
Equity and liabilities total	2,528.7	2,050.3
Gross capital expenditure	518.9 ¹	329.7 ¹
Average capital employed	1,324.2 ¹	1,007.8 ¹
Dividend for the financial year*	12.7 ¹	0.0 ¹
Interest-bearing liabilities	717.7 ¹	346.3 ¹
Liquid funds	797.3 ¹	708.2 ¹
Interest-bearing net debt	-95.8 ¹	-362.0 ¹
Adjusted interest-bearing net debt	670.6 ¹	333.2 ¹
Key figures		
Basic and diluted earnings per share	0.55	0.57
Equity/share	6.73 ¹	5.69 ¹
Dividend/share*	0.10 ¹	0.00 ¹

Dividend/earnings*	15.0 ¹	0.0 ¹
Dividend yield*	2.5 ¹	0.0 ¹
Cash flow from operating activities/share	1.73 ¹	1.34 ¹
P/E ratio	7.32 ¹	9.46 ¹
Adjusted net debt / Comparable EBITDAR	2.5 ¹	1.4 ¹
Equity ratio	33.9 ¹	35.5 ¹
Net debt-to-equity (Gearing)	-11.2 ¹	-49.8 ¹
Adjusted gearing	78.3 ¹	45.8 ¹
Return on equity (ROE)	10.7 ¹	14.4 ¹
Return on capital employed (ROCE)	8.9 ¹	12.2 ¹

Cash flow

Operational cash flow	219.7	171.0
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Traffic data and responsibility indicators

Passengers, 1,000	10,867 ¹	10,294 ¹
Available seat kilometres (ASK), million	33,914 ¹	31,836 ¹
Revenue passenger kilometres (RPK), million	27,065 ¹	25,592 ¹
Available tonne kilometres (cargo ATK), million	1,464 ¹	1,380 ¹
Revenue tonne kilometres (cargo RTK), million	873 ¹	787 ¹

Personnel

Average number of employees	5,045 ¹	4,906 ¹
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* The dividend for year 2016 is a proposal of the Board of Directors to the Annual General Meeting.

**As from the first quarter of 2016 Finnair changed the name of its key figure “operational result” into “comparable operating result”. The purpose of this terminological change was to make a clearer distinction between operational result and operating result. The definition remains unchanged: As opposed to the IFRS operating result, comparable operational result excludes capital gains and losses, changes in the value of foreign currency denominated fleet maintenance reserves, changes in the unrealised fair value of derivatives and non-recurring items.

¹ Unaudited.

Calculation of key ratios

Comparable operating result:	Operating result excluding fair value changes in derivatives, changes in the exchange rates of fleet overhauls and items affecting comparability
Items affecting comparability:	Gains and losses on aircraft and other transactions and restructuring costs
Comparable EBITDAR:	Comparable operating result + depreciation and impairment + lease payments for aircraft
Shareholders' equity:	Equity attributable to owners of the parent
Gross capital expenditure:	Investments in intangible and tangible assets excluding advance payments
Liquid funds:	Cash and cash equivalents + other financial assets
Adjusted interest-bearing liabilities:	Interest-bearing liabilities + cross currency interest rate swaps in derivative financial instruments

Interest-bearing net debt:	Adjusted interest-bearing liabilities - liquid funds
Adjusted interest-bearing net debt:	Interest-bearing net debt + 7 x lease payments for aircraft
Average capital employed:	Equity + interest-bearing liabilities (average of reporting period and comparison period)
Earnings per share:	$\frac{\text{Result for the financial year - hybrid bond expenses net of tax}}{\text{Average number of shares during the financial year, adjusted for share issues}}$
Equity/share:	$\frac{\text{Shareholders' equity}}{\text{Number of shares at the end of the financial year, adjusted for share issues}}$
Dividend/earnings, %:	$\frac{\text{Dividend / share}}{\text{Earnings / share}} \times 100$
Dividend yield, %:	$\frac{\text{Dividend / share}}{\text{Share price at the end of the financial year}} \times 100$
Cash flow from operating activities/share:	$\frac{\text{Cash flow from operating activities}}{\text{Average number of shares during the financial year, adjusted for share issues}}$
Price/earnings ratio (P/E):	$\frac{\text{Share price at the end of the financial year}}{\text{Earnings/share}}$
Equity ratio, %:	$\frac{\text{Shareholders' equity + non-controlling interest}}{\text{Balance sheet total}} \times 100$
Gearing, %:	$\frac{\text{Interest-bearing net debt}}{\text{Shareholders' equity + non-controlling interest}} \times 100$
Adjusted gearing, %:	$\frac{\text{Adjusted net debt}}{\text{Shareholders' equity + non-controlling interest}} \times 100$
Return on equity (ROE), %:	$\frac{\text{Result for the financial year}}{\text{Shareholders' equity + non-controlling interest (average)}} \times 100$
Return on capital employed (ROCE), %:	$\frac{\text{Result before taxes + financial expenses}}{\text{Average capital employed}} \times 100$
Available seat kilometres (ASK):	Total number of seats available × kilometres flown
Revenue passenger kilometres (RPK):	Number of revenue passengers × kilometres flown
Available tonne kilometres (cargo ATK):	Number of tonnes of capacity for carriage of cargo and mail × kilometres flown
Revenue tonne kilometres (cargo RTK):	Total revenue load consisting of cargo and mail × kilometres flown

FINANCIAL INFORMATION AND PROSPECTS

Historical Financial Information

The audited consolidated financial statements of Finnair as of and for the year ended 31 December 2016 and 31 December 2015 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU. The audited consolidated financial statements of Finnair as at and for the years ended 31 December 2016 and 31 December 2015 have been incorporated into this Listing Prospectus by reference. See “*Information Incorporated by Reference*”.

The Issuer revised its external financial reporting as from the first quarter of 2016. The changes were made since the Company’s structure has changed in recent years and the new reporting better reflects the Group’s present structure and strategy.

The reporting changes were as follows:

- Reporting by segment was adjusted to correspond to the recent business developments and restructuring of the organisation. The previous operational segment Travel Services was combined with the Airline Business segment, and Finnair will no longer show a breakdown of its revenue by business line. In 2015, Travel Services accounted for 9 per cent of Finnair’s revenue;
- Finnair revised the calculation of revenue so that aircraft leases received were no longer included in group revenue, but in other operating income, since aircraft leasing is not part of Finnair’s core business, and its proportion of group revenues is decreasing further; and
- Finnair changed the name of its key figure “operational result” into “comparable operating result”. The purpose of this terminological change was to make a clearer distinction between operational result and operating result. The definition remains unchanged: As opposed to the IFRS operating result, comparable operational result excludes capital gains and losses, changes in the value of foreign currency denominated fleet maintenance reserves, changes in the unrealised fair value of derivatives and non-recurring items.

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

There has been no significant change in the financial or trading position of the Issuer since 31 December 2016.

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. IATA expects uncertainty in the outlook of the airline industry with the price stimulus from lower oil prices moving into reverse, the impact of Brexit remaining unclear, while world trade remains weak (Source: IATA “Economic Performance of the Airline Industry”, Briefing Note 2016). However, according to Airbus, the long-term growth prospects for air transport are good (Source: Airbus Global Market Forecast 2016-2035). Airbus forecasts a 4.5 per cent global annual air traffic growth between 2016 and 2035. Further, Airbus estimates a 3.4 per cent annual growth in revenue passenger kilometres in North America and Europe and by 5.5 per cent annual growth in revenue passenger kilometres in Asia-Pacific between 2016 and 2035 (Source: Airbus Global Market Forecast 2016-2035). According to Airbus, for example urbanisation, growing middle classes particularly in the developing aviation markets, liberalisation and tourism contribute to the growth of air transport (Source: Airbus Global Market Forecast 2016-2035).

Traffic continued to grow in Finnair’s main markets in 2016. Measured in available seat kilometres, scheduled market capacity between Helsinki and Finnair’s European destinations grew by approximately 2.9 per cent year-on-year, while direct market capacity between Finnair’s Asian and European destinations grew by 2.4 per cent year-on-year. Based on the Company’s estimate, Finnair’s market share increased in European traffic (between Helsinki and Finnair’s European destinations) and also rose in Asian traffic slightly.

During 2016 travel from Asia to certain European destinations suffered from security concerns, while the traffic to Nordic destinations grew robustly. The strong growth in market capacity weighed on long-haul load factors and unit revenue. Long-haul market capacity development was uneven, with China-Europe market capacity growing

strongly while growth between Japan and Europe was negative. In Atlantic traffic, fierce competition lowered unit revenues.

2016 was a challenging year for the Atlantic Joint Business covering flights between Europe and North America. Overcapacity and a tightened competitive situation weighed on average prices and load factors in all travel classes. At the same time, the Siberian Joint Business continued to strengthen its market share as the market capacity between Japan and Europe concentrated throughout the year. In the summer, Finnair was the only European airline offering direct connections from Europe to four Japanese metropolises.

The supply of packaged travel by tour operators active in Finland in 2016 was mostly in balance with the demand. In the summer season, demand shifted from Turkey towards Western Europe, and the number of visitors in Croatia and Greece, in particular, increased. In winter, the number of travelers in the Canary Islands increased while the demand for long-haul destinations, particularly Thailand, was more sluggish. Cargo traffic between Europe and Asia suffered from overcapacity throughout the year, weighing on average yields and load factors on Finnair's key cargo markets with the exception of the last few months of the year.

The declining trend in the price of jet fuel that began in autumn 2014 ended in the spring and has since turned upwards. The dollar price of jet fuel was still 19.4 per cent lower in the year 2016 than in the comparison period. The US Dollar, the most significant expense currency after the euro, appreciated by 0.2 per cent against the euro year-on-year and is at a significantly stronger level than in 2014. In regards to key income currencies, the Japanese yen, which has been appreciating since autumn 2015, weakened towards the end of the year. However the Japanese yen was still 11.7 per cent stronger against the euro than in the comparison period. The Chinese yuan depreciated by 5.2 per cent year-on-year. Finnair hedges its fuel purchases and key foreign currency items; hence, market fluctuations are not reflected one-for-one in its result.

Prospects

In its stock exchange release dated 15 February 2017 regarding its financial statements 1 January – 31 December 2016, the Issuer has published the following information on the near-term outlook:

“The demand outlook for passenger and cargo traffic in Finnair's main markets continues to involve uncertainty. Finnair estimates that, in 2017, due to the fleet renewal and introduction of new aircraft, its capacity will grow 8–10 per cent, weighted strongly towards the second half of 2017. Revenue is expected to grow more slowly than our capacity, reflecting increasing capacity in the relevant markets.

In keeping with its disclosure policy, Finnair will issue guidance for its expected full-year operational result in connection with the half-year report in July.”

There have been no material adverse changes in the prospects of the Issuer since the date of its last published audited financial statements.

BOARD OF DIRECTORS, MANAGEMENT AND AUDITORS

General

In its decision making and administration, Finnair applies the Finnish Companies Act and other legal regulations and rules governing public limited companies in Finland and the Company's Articles of Association. Finnair also follows Nasdaq Helsinki Ltd's rules and recommendations as applicable to listed companies. As a Finnish listed company, Finnair complies with the Finnish Corporate Governance Code 2015 as published by the Finnish Securities Market Association. Finnair does not deviate from any single recommendation of the code.

Pursuant to the provisions of the Finnish Companies Act and the Issuer's Articles of Association, responsibility for the control and management of Finnair is divided between the General Meeting of Shareholders, the Board of Directors and the Chief Executive Officer (CEO). Shareholders participate in the control and management of the Issuer through resolutions passed at General Meetings of Shareholders. General Meetings of Shareholders are generally convened upon notice given by the Board of Directors. In addition, General Meetings of Shareholders are held when requested in writing by an auditor of the Issuer or by shareholders representing at least one-tenth of all the outstanding shares of the Issuer.

Board of Directors

The Board of Directors supervises Finnair's operations and management, deciding on significant matters concerning the company strategy, investments, organisation and finance. The Board of Directors convenes at least six times a year. At the date of this Listing Prospectus, the Board of Directors of the Issuer consists of the following persons:

Name:

Background:

Jouko Karvinen

Born 1957, M. Sc. (Tech.)

Valmet Oyj, Member of the Board (2016–)

IMD Business School, Member of the Foundation and Supervisory Boards (2016–)

Chairman of the Board (2017–)

Member of the Board since 2016

Komatsu Ltd, Member of the International Advisory Board (2016–)

Stora Enso Oyj, CEO (2007 – 2014)

Royal Phillips N.V., Medical Systems Division, Chief Executive Officer (2002 – 2006)

SKF AB, Member of the Board (2010–)

Maija-Liisa Friman

Born 1952, M. Sc. (Tech.)

Svenska Cellulosa Aktiebolaget SCA, Member of the Board (2016–)

Neste Oyj, Vice Chairman of the Board (2010–)

Helsinki Deaconess Institute, Chairman of the Board (2009–)

Boardman Oy, Partner and Member of the Board (2009–)

Finnish Securities Market Association, Member of the Board (2012–)

Luossavaara-Kiirunavaara AB, Member of the Board (2008–)

Talvivaara Mining Company Plc, Member of the Board (2013 – 2015)

TeliaSonera AB, Chairman of the Audit Committee (2009 – 2013)

Metso Oyj, Chairman of the Audit Committee (2010 – 2012), Member of the Board (2003 – 2010)

Finnish Medical Science Foundation, Vice Chairman of the Board (2008 – 2011), Member of the Board (2003 – 2008)

Ilmarinen Mutual Pension Insurance Company, Member of the Supervisory Board (2005 – 2009)

Aspocomp Group Oyj, President and CEO (2004 – 2007)

Sponda Oyj, Member of the Board (2001 – 2007)

Helsingin Suomalainen Yhteiskoulu, Member of the Board (2001 – 2007)

Rautaruukki Oyj, Member of the Board (2001 – 2007)

Vattenfall Oy, Managing Director (2000 – 2004)

Empower Oy, Vice Chairman of the Board (2000 – 2004)

Gyproc Oy, President (1993 – 2000)

Jussi Itävuori

Born 1955, M. Sc. (Econ.)

Cloudator Payroll Oy, Chairman of the Board (2015–)

Barona Group Oy, Member of the Board (2015–)

Member of the Board (2012–) Member of the Compensation and Nomination Committee (2012–), Chairman of the Compensation and Nomination Committee (2013–)	RJI Partners Oy, Senior Partner (2012–) RJI Holding Oy, Chairman of the Board (2012–) Patria Oyj, Member of the Board (2003 – 2014) European Aeronautic Defence and Space Company N.V. (EADS), Head of Human Resources, Member of the Executive Committee (2001 – 2012) KONE Oyj, Senior Vice President of Human Resources, Quality and Communication, Member of the Corporate Management Group (1997 – 2011) VIGEO S.A.S., Member of the Board (2003 – 2006)
Jaana Tuominen Born 1960, M. Sc. (Tech.) Member of the Board (2014–) Member of the Compensation and Nomination Committee (2014–)	Confederation of Finnish Industries, Member of the Board (2016–) Suomen Messut Osuuskunta, Member of the Board (2014–) Suominen Oyj, Member of the Board (2014–) Elintarviketeollisuusliitto ry, Chairman of the Board (2016–), Member of the Board (2009–) Paulig Group, Chief Executive Officer (2008–) GE Healthcare Finland Oy, Managing Director and General Manager of Global Monitoring Solutions (2002 – 2008)
Colm Barrington Born 1946, M.A. (Econ.) Vice Chairman and Member of the Board (2017–) Member of the Audit Committee (2017–)	Hibernia REIT Plc, Senior Independent Non-Executive Director (2013–) FLY Leasing Ltd, Chief Executive Officer, Director (2007–) IFG Group Plc, Independent Non-Executive Director (2005–), Senior Independent Non-Executive Director (2005 – 2016) AER Lingus Group Plc, Chairman of the Board (2007 – 2015)
Mengmeng Du Born 1980, M. Sc. (Econ), M. Sc. (Computer Science) Member of the Board (2017–) Member of the Audit Committee (2017–)	GetGeek AB, Co-Founder (2016–) Netonnet Group AB, Non-Executive Member of the Board (2016–) Swedish National Innovation Council, Member (2015–) Mimion AB, Founder and Chief Executive Officer (2014–) Skandia AB, Non-Executive Member of the Board (2014–) Acast AB, Chief Operating Officer (2015 – 2016) Spotify AB, Director of Operations, Marketing and International Growth (2011 – 2014) Stardoll AB, Vice President, Product Development (2008 – 2010)
Jonas Mårtensson Born 1977, M. Sc. Business Admin (Business Development), M. Sc. Business Admin (Entrepreneurship) Member of the Board (2017–) Member of the Compensation and Nomination Committee (2017–)	Mojang AB, Chief Executive Officer (2014–), Vice President (2013 – 2014), Happy Socks AB, Founder and Member of the Board (2008 – 2015) Betsson, Head of Mobile (2011 – 2013), Business Development Director (2008 – 2011)

Board Committees

Board committees provide assistance to the Board of Directors, preparing matters for which the Board is responsible. The Board of Directors appoints an Audit Committee and a Compensation and Nomination Committee from among its members.

Final decisions concerning matters related to the tasks of the committees are made by the Board of Directors on the basis of committee proposals, excluding proposals made directly to the General Meeting by the Compensation and Nomination Committee.

Audit Committee

As at the date of this Listing Prospectus, the Audit Committee consists of Ms. Maija-Liisa Friman (Chairman), Mr. Colm Barrington and Ms. Mengmeng Du. All members of the Audit Committee are independent of the Issuer and its major shareholders. 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, monitors 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 establishes the procedures and limits applying to the procurement of such services, 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 Directors decisions on significant changes in the accounting principles or in the valuations of the group's assets, and assesses Finnair's compliance with laws and regulations and maintains contact with the auditors.

Compensation and Nomination Committee

As at the date of this Listing Prospectus, the Compensation and Nomination Committee consists of Mr. Jussi Itävuori (Chairman), Mr. Jonas Mårtensson and Ms. Jaana Tuominen. All members of the Compensation and Nomination Committee are independent of the Issuer and its major shareholders. 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. By virtue of a Board of Directors' authorisation, the Committee ascertains the achievement of targets for short-term incentives and approves the payment of incentives to the Chief Executive Officer and other top management.

The Compensation and Nomination Committee prepares for the Board of Directors compensations, pensions, benefits and other material terms of the contract of the Chief Executive Officer, compensations, pensions, benefits of the top executives of the group and other material terms of their contracts to the extent that the same deviate from the customary practice, nominations of the Chief Executive Officer and other executives, top executives' succession planning, composition of the Executive Board, equity-based incentive plans, the principal compensation policies and practices regarding the personnel, management's participation in the Boards of Directors of the group and of external companies, major organisational changes, and proposals of awarding the members of the management honorary decorations and titles.

CEO and the Executive Board

The Company's Board of Directors appoints the Chief Executive Officer (CEO). The CEO is responsible for the daily management of the Company's administration according to the guidelines and instructions given by the Board. In addition, the CEO is responsible for ensuring that the Company's accounting has been carried out according to applicable laws and that asset management has been organised in a reliable manner. The CEO manages the Company's daily business and is responsible for controlling and steering the business areas. At the date of this Listing Prospectus, the CEO of the Company is Pekka Vauramo.

In Finnair's operative management, the CEO is assisted by the Executive Board. The Executive Board comprises senior management responsible for Finnair's operations and commercial activities, customer experience, digitalisation, finance and control, people and culture, communications and corporate responsibility and legal affairs. At the date of this Listing Prospectus, the Executive Board consists of the following persons:

Name:**Pekka Vauramo**

Born 1957, M. Sc. (Tech.)

President and Chief Executive Officer (2013–)**Background:**

Boliden AB, Member of the Board (2016–)

Glaston Plc, Member of the Board (2011–)

Cargotec Group, Chief Operational Officer (2012 – 2013), Chief Operational Officer and Deputy to Chief Executive Officer (2010 – 2012), Senior Executive Vice President and Deputy to Chief Executive Officer (2008 – 2010), President of the Kalmar Business Area (2007 – 2009)

Sandvik Mining and Construction, President of the UGHM Segment (1998 – 2007)

Eija Hakakari

Born 1961, M. Sc. (Education)

Senior Vice President, People and Culture (2014–)Stora Enso Oyj, Senior Vice President, Human Resources (2013 – 2014)
Rautaruukki Oyj, Senior Vice President, Human Resources (2009 – 2013)**Katri Harra-Salonen**

Born 1969, M. Sc. (Tech.), eMBA

Chief Digital Officer (2016–)

Umbrella Strategic Advisory Oy, Founder and Chief Executive Officer (2012 – 2016)

Fjord Oy, Chief Executive Officer (2011 – 2012), Business Development Director (2010 – 2011)

Satama Interactive Plc, Director Nordics (2005 – 2009), Director International Business (2004 – 2005), Director, Business Group (2000 – 2004)

Juha Järvinen

Born 1976, MBA, B.A. (Hons)

Chief Commercial Officer (2014–)

Finnair Cargo Oy, Managing Director (2012 – 2014)

Scandinavian Airlines, Vice President of International Airport Operations (2011 – 2012)

Piia Karhu

Born 1976, Doctor, Business Administration

Senior Vice President, Customer Experience (2016–)

Finnair Oyj:

Vice President, Network and Business Development (2015 – 2016)

Vice President, Corporate Development (2014 – 2015)

Project Director, Corporate Development (2013 – 2014)

Sami Sarelius

Born 1971, LL.M.

Senior Vice President and General Counsel (1998–)**Jaakko Schildt**

Born 1970, MBA, B. Sc. (Engineering)

Senior Vice President, Operations (2016–)

Thomas Cook Group Plc, Accountable Manager (2015 – 2016), Head of Group Maintenance Organisation (2014 – 2015)

Finnair Oyj, Vice President, Technical Operations (2012 – 2014)

Arja Suominen

Born 1958, M.A., eMBA

Senior Vice President, Corporate Communications and Corporate Responsibility (2011–)

Nokia Oyj, Senior Vice President, Communications (2004 – 2011)

Pekka Vähähyyppä

Born 1960, M. Sc. (Econ.), eMBA

Chief Financial Officer (2015–)

A-lehdet Oy, Board Member (2013–)

Hartela-yhtiöt Oy, Board Member (2012–)

Stockmann Oyj Abp, Executive Vice President and Chief Financial Officer (2008 – 2015), Chief Financial Officer (2000 – 2008)

Nestlé Nordic AB and Svenska Nestlé AB, Director, Finance and Control (1997 – 1999)

Suomen Nestlé Oy, Chief Financial Officer (1994 – 1996)

OKO Venture Capital Oy, Director (1991 – 1994)

A-lehdet Oy, Chief Financial Officer (1986 – 1990)

Business Address

The business address of the members of the Board of Directors, the CEO and the Executive Board is Tietotie 9 A, FI-01053, Vantaa, Finland.

Absence of 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.

Auditors

The consolidated financial statements of the Company for the financial years ended 31 December 2016 and 31 December 2015 incorporated in this Listing Prospectus by reference have been audited by PricewaterhouseCoopers Oy, with Mikko Nieminen, Authorised Public Accountant, as principal auditor. The business address of the principal auditor and PricewaterhouseCoopers Oy is Itämerentori 2, FI-00100 Helsinki, Finland.

SHARE CAPITAL AND OWNERSHIP STRUCTURE

As at the date of this Listing Prospectus, the Issuer has issued a total of 128,136,115 shares and has a registered share capital of EUR 75,442,904.30 which is fully paid. At the General Meeting of Shareholders, each share has one vote.

As at 28 February 2017, there were altogether 17,008 holders of shares in the Issuer, of which 10 largest shareholders are listed below with their respective ownership participation percentage. As at 31 December 2016, the Issuer holds 788,964 treasury shares, which corresponds to approximately 0.62 per cent of the shares and votes in the Company.

Shareholder	No. of shares	Share holding, %
State of Finland (acting through the Prime Minister's Office)	71,515,426	55.81
The Local Government Pensions Institution	6,200,875	4.84
Varma Mutual Pension Insurance Company	3,354,002	2.62
Kyöstillä Karl Heikki	2,950,000	2.30
Ilmarinen Mutual Pension Insurance Company	2,701,390	2.11
Tiiviste-Group OY	2,200,000	1.72
The State Pension Fund	2,100,000	1.64
Nordea Fennia Fund	1,196,218	0.93
Veritas Pension Insurance Company Ltd	1,040,786	0.81
Oy Etra Invest Ab	1,000,000	0.78
Others	33,877,418	26.44
Total	128,136,115	100.00

The State of Finland (acting through the Prime Minister's Office) owns 55.81 per cent of the issued and outstanding shares and votes in Finnair. Finnair is thus directly controlled by the State of Finland. The Issuer is not aware of any arrangement the operation of which may result in a change of control of the Issuer.

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 13 May 2016 (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, Finnair 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, financing 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. Furthermore, the goal of commercially operating companies must be activity based on profitable growth, which increases the shareholder value over a long period of time. The Resolution further sets corporate social responsibility as the core value of state-owned companies.

TAXATION

The following is a general description addressing only the Finnish withholding tax treatment of income arising from the Notes. This summary is based on the laws, regulations and published case law in full force and effect in Finland and the interpretation thereof as at the date of this Listing Prospectus, which may be subject to change in the future, potentially with retroactive effect. Investors should be aware that the comments below are of a general nature and do not constitute legal or tax advice and should not be understood as such. The comments below relate only to the position of persons who are the beneficial owners of the Notes. Prospective investors are therefore advised to consult their own qualified advisors so as to determine, in the light of their individual situation, the tax consequences of the acquisition, holding, redemption, sale or other disposition of the Notes.

Non-Resident Holders of Notes

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.

Resident Holders of the Notes

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.

Individuals and Estates

Interest and any similar payments (e.g. interest compensation, in Finnish *jälkimarkkinahyvitys*) made to individuals or estates resident in Finland are generally subject to advance withholding of income tax. To the extent any payments under the Notes would be classified as capital gain for Finnish income tax purposes, such payments would not be subject to advance withholding of income tax.

The withholding liability should primarily lie with a possible paying agent or other intermediary (such as a financial institution) effecting the payment to the Noteholder, 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, such as the Paying Agent.

Transfer Taxation

A transfer of the Notes is not subject to Finnish transfer taxation.

ARRANGEMENTS WITH THE LEAD MANAGERS

Danske Bank A/S and Nordea Bank AB (publ) acted as Lead Managers of the Offering. The Company has entered into agreements with the Lead Managers with respect to certain services provided by the Lead Managers in connection with the Offering. In addition, the Lead Managers also acted as dealer managers in the Tender Offer.

The Lead Managers and companies belonging to the same consolidated groups with the Lead Managers may have performed and may in the future perform investment or other banking services for the Company in the ordinary course of business. The Lead Managers and/or companies belonging to the same consolidated groups with some of the Lead Managers are lenders under the EUR 175 million revolving credit facility, which at the date of this Listing Prospectus is undrawn. The Lead Managers and their respective affiliates may hold long or short positions, and may trade or otherwise effect transactions, for their own account or the accounts of their customers, in debt or equity securities of the Issuer, including the Notes due 2018.

LEGAL MATTERS

Certain legal matters in connection with the Offering have been passed upon for the Issuer by Roschier, Attorneys Ltd.

INFORMATION INCORPORATED BY REFERENCE

The Company's financial results for the financial years ended 31 December 2016 and 31 December 2015 are incorporated in and form part of the Listing Prospectus by reference. The non-incorporated information in the documents incorporated by reference is not relevant for investors or can be found elsewhere in the Listing Prospectus. The referenced documents are available for inspection at the offices of the Company at Tietotie 9 A, FI-01053, Vantaa, Finland, as well as on the Company's website at, <https://investors.finnair.com/en>.

Document	Information by reference
Annual Report 2016, pages 35-82	Financial Statements for the year 2016
Annual Report 2016, pages 83-86	Auditor's Report for the year 2016
Annual Report 2015, pages 37-79	Financial Statements for the year 2015
Annual Report 2015, page 80	Auditor's Report for the year 2015

DOCUMENTS ON DISPLAY AND AVAILABLE INFORMATION

In addition to the documents incorporated by reference, the Company's Finnish language Articles of Association and extract from the Finnish Trade Register may be inspected at the head office of the Company, Tietotie 9 A, FI-01053, Vantaa, Finland on weekdays from 9:00 am to 4:00 pm Finnish time. In order to ensure best possible service, persons wishing to examine the documents referred to in this section are kindly requested to notify the Company of their visit in advance by telephone +358 600 0 81881.

The Company will publish annual reports, including audited consolidated financial statements, quarterly interim financial information and other information as required by the Finnish Securities Market Act and the rules of the Helsinki Stock Exchange. All annual reports, interim reports and stock exchange releases are published in Finnish and English. Such information will be available on the Company's website at <https://investors.finnair.com/en/reports-and-presentations>.

THE COMPANY

Finnair Plc
Tietotie 9 A
FI-01053 Vantaa
Finland

LEAD MANAGERS

Danske Bank A/S
2-12 Holmens Kanal
DK-1092 Copenhagen K
Denmark

Nordea Bank AB (publ)
Smålandsgatan 17
SE-105 71 Stockholm
Sweden

LEGAL ADVISER TO THE COMPANY AND THE LEAD MANAGERS

Roschier, Attorneys Ltd.
Keskuskatu 7 A
FI-00100 Helsinki
Finland

AUDITOR

PricewaterhouseCoopers Oy
Itämerentori 2
FI- 00100 Helsinki
Finland