



## **Lemminkäinen Corporation**

**EUR 60,000,000**

**Senior Unsecured 4.50% Notes due 2014**

**Arranger**



The date of this Prospectus is 20 October 2010

## IMPORTANT INFORMATION

In this document, "**Lemminkäinen**," the "**Company**," the "**Group**" and "**Lemminkäinen Group**" refer to Lemminkäinen Corporation or Lemminkäinen Corporation and its consolidated subsidiaries, except where the context may otherwise require. All references to the "**Issuer**" refer to Lemminkäinen Corporation. Pohjola Bank plc acted as the arranger (the "**Arranger**") in relation to the offering and issue of the Notes (as defined herein).

On 14 September 2010, the Issuer issued senior unsecured 4.50% notes due 2014 with an aggregate principal amount of EUR 60,000,000 (the "**Notes**") to certain institutional investors. This document (this listing prospectus and the documents incorporated hereto by reference jointly referred to as the "**Prospectus**") has been prepared in accordance with the Securities Markets Act (495/1989), as amended, Decree of the Ministry of Finance on the Prospectus Referred to in Chapter 2 of the Securities Markets Act (452/2009, as amended), and Commission Regulation (EC) No 809/2004 (Annexes IV and V) solely for the purpose of listing the Notes on NASDAQ OMX Helsinki Ltd (the "**Helsinki Stock Exchange**"). The Finnish Financial Supervisory Authority (the "**FFSA**") has approved this Prospectus, but assumes no responsibility for the correctness of the information contained herein. The registration number of the FFSA's approval decision is 91/212/2010.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference. This Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Prospectus. See "Documents Incorporated by Reference".

No person has been authorized to give any information or to make any representation not contained in or not consistent with this Prospectus or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorized by the Issuer or the Arranger. No representation or warranty, express or implied, is made by the Arranger as to the accuracy or completeness of the information contained in this Prospectus, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by the Arranger in this respect, whether as to the past or the future. The Arranger assumes no responsibility for the accuracy or completeness of the information and, accordingly, disclaims to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise, which it might otherwise be found to have in respect of this Prospectus or any such statement.

The data contained herein is current as of the date of this Prospectus. Neither the delivery of this Prospectus, nor the offer, sale or delivery of the Notes mean that no adverse changes have occurred or events have happened, which may or could result in an adverse effect in Lemminkäinen's business, financial condition or results of operations and/or the market price of the Notes. Nothing contained in this Prospectus constitutes, or shall be relied upon as, a promise or representation by Lemminkäinen or the Arranger as to the future.

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

The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions is restricted by law. Persons into whose possession this Prospectus may come are required by the Issuer and the Arranger to inform themselves of and observe all such restrictions. This Prospectus may not be distributed in the United States, Australia, Canada or Japan or such other countries or otherwise in such circumstances in which the offering of the Notes would be unlawful or require measures other than those required under the Finnish laws. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy or subscribe any of the Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. None of the Issuer, the Arranger or any of their respective affiliates or representatives accepts any legal responsibility for any such violations, whether or not a prospective purchaser of the Notes is aware of such restrictions.

In the United Kingdom this Prospectus may be distributed only to, and may be directed at (a) persons who have professional experience in matters relating to investments falling within article 19(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or (b) high net worth entities falling within article 49(2)(a) to (d) of the Order, and other persons to whom it may be lawfully communicated, falling within article 49(1) of the Order (all such persons together being referred to as "relevant persons"). Any person who is not a relevant person should not act or rely on this document or any of its contents.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions in reliance on Regulation S under the Securities Act.

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## SUMMARY/TIIVISTELMÄ

### In English

*The following summary is not intended to be exhaustive and should be read as an introduction to this Prospectus, in conjunction with, and is qualified in its entirety by, the more detailed information that appears elsewhere in this Prospectus, including the consolidated financial statements of Lemminkäinen incorporated by reference into this Prospectus.*

*See “Risk Factors” for a discussion of certain factors that should be considered in connection with an investment in the Notes. Any decision to invest in the Notes should be based on consideration of this Prospectus as a whole. Certain terms used in this summary are defined elsewhere in this Prospectus.*

*Following the implementation of the Prospectus Directive in each Member State of the European Economic Area, no civil liability will attach to Lemminkäinen in any Member State solely on the basis of the summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to the information contained in this Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated.*

### The Company

Lemminkäinen Corporation is a Finnish public limited company domiciled in Helsinki. Lemminkäinen Corporation is the parent company of Lemminkäinen Group. The Group operates in all areas of the construction sector. The Group comprises of the following business segments: Building Construction, Infrastructure Construction, Technical Building Services and Building Products. Of these segments, Infrastructure Construction operates in the Nordic countries and Eastern Europe, and Building Construction globally. The other business segments operate mainly in Finland and the surrounding region. Lemminkäinen Group’s net sales in year 2009 were EUR 1,966 million (2,482 in 2008) and the average number of employees in the Group during the review period 1 January to 30 June 2010 was 7,966 (8,543 during the comparison period in 2009).

### The Notes

The principal terms of the Notes are:

Maximum Principal Amount.....	EUR 60,000,000. The maximum amount was issued on 14 September 2010.
Form of the Notes.....	Book-entries of Euroclear Finland Ltd (RM-system)
Status of the Notes.....	The Notes rank <i>pari passu</i> with other unsecured and unsubordinated indebtedness of the Issuer
Interest Rate .....	4.50 percent per annum
Issue Date.....	14 September 2010
Redemption Date.....	6 October 2014
Interest Payment Dates .....	6th April and 6th October in each year commencing on 6 April 2011 and ending on the Redemption Date
Day Count Fraction .....	Actual/Actual ICMA
Issue Price.....	99.649 percent
Minimum Subscription Amount....	EUR 50,000
Principal Amount of each Book- entry Unit.....	EUR 1,000
Governing Law.....	Finnish

***Risks related to the Issuer:***

- Changes in economic, demographic, political and technological factors may have an effect on the demand for Lemminkäinen's services and its cost level;
- Lemminkäinen may not be able to implement its business strategy successfully;
- Lemminkäinen is subject to risks related to organic and structural growth, such as the availability and costs of labour, managing political, cultural and legislative factors as well as uniformity of governance;
- The nature of new construction business is cyclical and demand is fluctuating;
- Lemminkäinen is exposed to bitumen price risk;
- Lemminkäinen is exposed to risks related to significant changes in the prices of raw materials or in the labour costs;
- Lemminkäinen is exposed to the sales and price risk relating to the own housing and commercial developments;
- Loss of key employees who have specific knowledge on the management of projects could adversely affect their profitability;
- Unusual or severe weather conditions could have an adverse effect on Lemminkäinen's business, financial condition and results of operations;
- There can be no assurance that Lemminkäinen will not in the future incur material costs or liabilities in relation to environmental compliance;
- At present, 26 municipalities and the Finnish Road Administration have brought actions for the recovery of damages from Lemminkäinen and other asphalt companies in the District Court of Helsinki. The capital amount of the claims presented against Lemminkäinen is at present about EUR 73 million;
- Interest rate fluctuations may detrimentally affect the value and results of the Group and the demand for housing;
- The Group is exposed to exchange rate risk especially as regards US Dollar and Russian Ruble;
- The Group is subject to liquidity risk;
- The Group is exposed to credit risk through all of the Group's trade receivables and receivables associated with financial intermediaries;
- The capital structure, the amount of capital tied in business operations and the amount of interest-bearing liabilities pose risks for Lemminkäinen;
- Breaches of borrowing facility covenants could have an adverse effect on the Company's liquidity and management of capital;
- Such accidents and damage against which the Group has no insurance may affect the profitability of the Group's projects;
- A failure to meet product liability requirements and standards could have an adverse effect on Lemminkäinen's net sales and brand value.

***Risks related to the Notes:***

- The Notes may not be a suitable investment for all investors;
- The investors of the Notes are exposed to a credit risk in respect of the Issuer;
- The Notes will not be obligations of anyone other than the Issuer and they will not be guaranteed by any other person or entity;
- The Notes are unsecured debt instruments and the holders would be unsecured creditors in the event of the Issuer's bankruptcy or reorganization;
- The Notes or the Issuer are not currently rated by any rating agency;
- Early redemption may adversely affect the ability of the Issuer to repay the Notes of such holders who elect not to exercise their right to get their Notes prematurely repaid;
- There is no prior public market for the Notes and there can be no guarantee that an active public market will develop;
- The liquidity and the market price for the Notes can be expected to vary with changes in market and economic conditions, the financial condition and prospects of the Issuer and other factors;
- Fixed interest rate of the Notes exposes the investors of the Notes to the risk that the price of such security could fall as a result of changes in the market interest rate;
- There is no limitation on issuing additional debt or granting of security, except for the Negative Pledge clause in Condition 9. of the terms and conditions of the Notes;
- Noteholders have no voting rights with respect to the General Meetings of shareholders of the Issuer;
- Any new statutes, ordinances and regulations, amendments to the legislation or changes in application of the law after the issue date may affect the Notes;
- The Issuer is not obliged to gross-up or otherwise compensate Noteholders for the lesser amounts the holders will receive as a result of imposition of withholding taxes;
- Decisions made by defined majorities at the Noteholders' meeting 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;
- Noteholders are dependent on the relevant clearing system in order to obtain payments under the Notes; and
- Legal investment considerations may restrict certain investments.

## Suomeksi

*Seuraavaa tiivistelmää ei ole tarkoitettu kattavaksi esitykseksi, vaan se on johdanto tässä Listalleottoesitteessä esitettäviin yksityiskohtaisiin tietoihin, mukaan luettuna tähän Listalleottoesitteeseen viittaamalla liitetyt Lemminkäisen konsernitilinpäätökset.*

*Velkakirjoihin sijoittamista harkitsevien tulee tutustua kohtaan ”Riskitekijät”. Sijoittajien tulee perustaa Velkakirjoja koskeva sijoituspäätöksensä Listalleottoesitteessä esitettyihin tietoihin kokonaisuutena. Tietyt tässä tiivistelmässä käytetyt termit on määritelty muualla tässä Listalleottoesitteessä.*

*Lemminkäiseen ei voida kohdistaa tiivistelmään tai sen käännökseen perustuvaa siviilioikeudellista vastuuta missään sellaisessa Euroopan talousalueen jäsenvaltiossa, jossa esitedirektiivin asianomaiset määräykset on saatettu voimaan, paitsi jos tiivistelmä on harhaanjohtava, epätarkka tai epäjohdonmukainen, kun sitä luetaan yhdessä esitteen muiden osien kanssa. Mikäli Euroopan talousalueella laitetaan vireille tässä Listalleottoesitteessä esitettäviin tietoihin perustuva kanne, kantaja voidaan velvoittaa korvaamaan Listalleottoesitteen käännöskulut ennen oikeuskäsittelyn aloittamista sen jäsenvaltion lainsäädännön mukaisesti, jossa kanne laitetaan vireille.*

## Yhtiö

Lemminkäinen Oyj on suomalainen julkinen osakeyhtiö, jonka kotipaikka on Helsinki. Lemminkäinen Oyj on Lemminkäinen-konsernin emoyhtiö. Konserni toimii kaikilla rakentamisen osa-alueilla. Liiketoiminta on jaettu neljään toimialaan: talonrakentaminen, infrarakentaminen, talotekniikka ja rakennustuotteet. Näistä toimialoista infrarakentaminen toimii Pohjoismaissa ja Itä-Euroopassa sekä talonrakentaminen maailmanlaajuisesti. Muut toimialat toimivat pääasiassa Suomessa ja lähialueilla. Lemminkäinen-konsernin liikevaihto vuonna 2009 oli 1.966 miljoonaa euroa (2.482 vuonna 2008), ja konsernin palveluksessa olleiden työntekijöiden määrä ajanjaksolla 1.1.-30.6.2010 oli keskimäärin 7.966 (8.543 vuoden 2008 vertailukaudella).

## Velkakirjat

Velkakirjojen keskeiset ehdot ovat:

Enimmäismäärä .....	60 000 000 euroa. Enimmäismäärä laskettiin liikkeeseen 14.9.2010.
Velkakirjojen muoto .....	Euroclear Finland Oy:n RM-järjestelmän arvo-osuuksia
Velkakirjojen etuoikeusasema .....	Sama kuin Liikkeeseenlaskijan muilla vakuudettomilla ja subordinoimattomilla maksusitoumuksilla
Korko .....	4,50 prosenttia per annum
Liikkeeseenlaskupäivä .....	14.9.2010
Takaisinmaksupäivä.....	6.10.2014
Koronmaksupäivä.....	6.4. ja 6.10. kunakin vuonna alkaen 6.4.2011 ja päättyen takaisinmaksupäivänä
Koronlaskentaperuste.....	Todelliset/Todelliset päivät (Actual/Actual ICMA)
Emissiokurssi.....	99,649 prosenttia
Vähimmäismerkintämäärä.....	50 000 euroa
Arvo-osuuden yksikkökoko.....	1 000 euroa
Sovellettava laki.....	Suomen laki

### ***Liikkeeseenlaskijaan liittyviä riskitekijöitä:***

- Muutoksilla taloudellisissa, demografisissa, poliittisissa ja teknologisissa tekijöissä voi olla vaikutusta Lemminkäisen palvelujen kysyntään tai sen kustannustasoon;
- Lemminkäinen ei välttämättä onnistu implementoimaan strategiaansa menestyksekkäästi;
- Lemminkäinen on alttiina riskeille, jotka liittyvät orgaaniseen ja rakenteelliseen kasvuun, kuten esimerkiksi työvoiman saatavuus ja työvoimakustannukset, poliittisten, kulttuuristen ja lainsäädännöllisten tekijöiden hallinta sekä hallinnon yhdenmukaisuus;
- Uudisrakentaminen on syklistä liiketoimintaa ja kysyntä vaihtelevaa;
- Lemminkäinen on alttiina bitumin hintariskille;
- Lemminkäinen on alttiina raaka-aineiden ja työvoiman kustannuksissa tapahtuville merkittäville muutoksille;
- Lemminkäinen on alttiina asunto- ja liikekohteiden myynti- ja hintariskille;
- Sellaisten avainhenkilöiden menettäminen, joilla on erityistä projekteihin liittyvää tietoa, voi vaikuttaa kielteisesti projektien kannattavuuteen;
- Epätavalliset tai ankarat sääolot voivat vaikuttaa kielteisesti Lemminkäisen liiketoimintaan, taloudelliseen asemaan ja liiketoiminnan tulokseen;
- Ei voi olla varmuutta, ettei Lemminkäiselle tulevaisuudessa aiheudu merkittäviä kustannuksia tai velvoitteita ympäristösääntelyn vuoksi;
- Tähän mennessä 26 kuntaa ja Tiehallinto ovat nostaneet Lemminkäistä ja eräitä muita asfalttialan yhtiöitä vastaan vahingonkorvauskanteen Helsingin käräjäoikeudessa. Lemminkäistä kohtaan esitettyjen vahingonkorvausvaateiden määrä on tällä hetkellä noin 73 miljoonaa euroa;
- Korkotason vaihtelu voi vaikuttaa haitallisesti Konsernin arvoon ja tulokseen sekä asuntojen kysyntään;
- Konserni on alttiina valuuttakurssiriskille erityisesti Yhdysvaltain dollarissa ja Venäjän ruplassa;
- Konserni on alttiina likviditeettiriskille;
- Konserni altistuu luottoriskille kaikkien konsernin myyntisaatavien ja rahoituksenvälittäjiin liittyvien saatavien kautta;
- Pääomarakenne, sijoitetun pääoman määrä ja korollisten velkojen määrä aiheuttavat riskejä Lemminkäiselle;
- Lainajärjestelyihin liittyvien kovenanttien rikkomisella voisi olla kielteinen vaikutus Yhtiön likviditeettiin ja pääoman hallintaan;
- Sellaiset onnettomuudet ja vahingot, joiden varalta Konsernilla ei ole vakuutusta, saattavat vaikuttaa Konsernin projektien kannattavuuteen;
- Epäonnistuminen laatuvaatimusmääräysten ja –standardien noudattamisessa voi vaikuttaa kielteisesti Lemminkäisen liikevaihtoon ja brändin arvoon.

***Velkakirjoihin liittyviä riskitekijöitä:***

- Velkakirjat eivät välttämättä ole sopiva sijoituskohde kaikille sijoittajille;
- Velkakirjoihin sijoittavat altistuvat Liikkeeseenlaskijaan liittyvälle luottoriskille;
- Ainoastaan Liikkeeseenlaskija vastaa Velkakirjoihin liittyvistä velvoitteista, eikä kukaan muu henkilö tai taho takaa Velkakirjoja;
- Velkakirjat ovat vakuudetonta velkaa, ja Velkakirjojen haltijat ovat vakuudettomia velkojia Liikkeeseenlaskijan mahdollisessa konkurssissa tai yrityssaneerauksessa;
- Tällä hetkellä mikään luottoluokituslaitos ei ole luokitellut Velkakirjoja tai Liikkeeseenlaskijaa;
- Ennenaikainen takaisinmaksu voi vaikuttaa haitallisesti Liikkeeseenlaskijan kykyyn maksaa velka takaisin sellaisille haltijoille, jotka eivät käytä oikeuttaan saada Velkakirjansa ennenaikaisesti takaisinmaksetuksi;
- Velkakirjat eivät ole aiemmin olleet julkisen kaupankäynnin kohteena, eikä ole varmuutta siitä, että Velkakirjoille syntyy aktiivista julkista kaupankäyntiä;
- Velkakirjojen likviditeetti ja markkinahinta voivat vaihdella riippuen markkina- ja taloudellisesta tilanteesta, Liikkeeseenlaskijan taloudellisesta asemasta ja tulevaisuuden näkymistä sekä muista tekijöistä;
- Velkakirjojen kiinteä korko altistaa Velkakirjoihin sijoittavat riskille siitä, että arvopaperin arvo laskee markkinakorkojen muutoksen seurauksena;
- Lisävelan liikkeeseen laskemiselle tai vakuuden antamiselle ei ole rajoitteita lukuun ottamatta lainaehtojen kohdan 9. Negative Pledge -lauseketta;
- Velkakirjojen haltijoilla ei ole äänioikeutta Liikkeeseenlaskijan yhtiökokouksissa;
- Uudet lait, asetukset ja määräykset sekä muutokset lainsäädännössä tai oikeuskäytännössä liikkeeseenlaskupäivän jälkeen voivat vaikuttaa Velkakirjoihin;
- Liikkeeseenlaskija ei ole velvollinen suorittamaan lisämaksuja tai muuten korvaamaan Velkakirjojen haltijoille lainasuoritusten pienentymistä ennakonpidätysten vuoksi;
- Velkakirjojen haltijoiden kokouksen määränemmistö päätös sitoo kaikkia Velkakirjojen haltijoita, mukaan lukien ne Velkakirjojen haltijat, jotka eivät osallistuneet ja äänestäneet asianomaisessa kokouksessa ja ne Velkakirjojen haltijat, jotka äänestivät enemmistön kannan vastaisesti;
- Velkakirjojen haltijat ovat riippuvaisia asianomaisesta selvitysjärjestelmästä Velkakirjoihin liittyvien suoritusten saamisessa; ja
- Oikeudelliset seikat voivat rajoittaa tiettyjä sijoituksia.

## **RISK FACTORS**

*An investment in the Notes involves a number of risks, many of which are inherent to Lemminkäinen's business and could be significant. Investors considering an investment in the Notes should carefully review the information contained in this Prospectus and, in particular, the risk factors described below. Should one or more of the risk factors described herein materialize, it could have a material adverse effect on Lemminkäinen's business, financial condition and results of operations. The following description of risk factors is based on information known and assessed on the date of this Prospectus and, therefore, the description of the risks facing Lemminkäinen is not necessarily exhaustive. Lemminkäinen also faces many of the risks inherent to the construction industry and additional risks not currently known or not currently deemed material may also impair Lemminkäinen's business, financial condition and results of operations. The market price of the Notes could decline due to the realization of these risks, and investors could lose a part or all of their investment. Potential investors should note that the order in which the risk factors are presented does not reflect the probability of their realization or order of importance.*

### **Risks relating to the Issuer:**

#### **Strategic risks**

##### ***Changes in the operating environment***

Changes in economic, demographic, political and technological factors may have an effect on the demand for Lemminkäinen's services and its cost level. Economic fluctuations may affect operations in different markets at different times. The crucial factors include for example the level of investments by the private and public sectors as well as need for renovation. In Finland, consumer confidence is an important factor having effect on the demand for residential construction.

##### ***Implementation of the business strategy***

Lemminkäinen may not be able to implement its business strategy successfully. The successful implementation of the strategy will depend upon a number of factors, many of which are at least in part outside of Lemminkäinen's control. In addition, even if Lemminkäinen successfully implements its business strategy, this may not improve its results of operations. Lemminkäinen may also decide to amend its business strategy and/or adopt additional strategies in response to its operating environment. For information on the contents of the business strategy of Lemminkäinen please see "Information on the Issuer".

##### ***Organic and structural growth***

Lemminkäinen's business is labour-intensive and therefore the availability of skilled employees is a prerequisite for organic growth. Due to the changing age demographics of the population, the availability and costs of labour may be a challenge in the long run. Expansion to new geographic areas and potential acquisitions require managing political, cultural and legislative factors. As the organisation becomes larger and more international, there are also risks relating to uniformity of governance as well as operational and reporting systems.

#### **Market risks**

In the near future, market risks pose the most significant threat to Lemminkäinen. The international economic downturn is creating uncertainty in key sectors of Lemminkäinen's operating environment and making it more difficult to foresee future changes.

##### ***Cyclical nature of new construction in Finland***

The most significant of Lemminkäinen's market risks is the cyclical nature of new construction in Finland. This risk is managed structurally and operationally. The structure of the Lemminkäinen Group is such that business sectors sensitive to the cyclical nature of domestic building construction make up about a half of its business. Fluctuating demand for new construction in Finland is counterbalanced by infrastructure construction. The building repair and maintenance businesses account for a third of the Group's business. Although housing sales have developed favourably, the general economic situation is still unstable. For this reason new housing starts are being made only if a sufficiently high percentage of the units are reserved by buyers in advance.

### ***Cost of raw materials in the asphalt paving operations***

The Group's asphalt paving operations are exposed to bitumen price risk. The price of bitumen is determined by the world market price of oil. The Group hedges the price risk of bitumen by oil derivatives.

### **Project risks**

#### ***Risk of estimated contract costs being exceeded in building contracting projects***

In the construction business the effects of the changes in the prices of the raw materials and labour costs are substantial. If Lemminkäinen is not able to hedge the prices of raw materials or if there are significant changes in the labour costs, it might adversely affect the business, financial condition and the results of operations of Lemminkäinen.

#### ***Sales and price risk associated with own housing and commercial developments***

Due to the uncertain development of demand, Lemminkäinen is exposed to the sales and price risk relating to the own housing and commercial developments. After having finished a housing project, all units are not necessarily sold. Unsold units tie capital which may have an adverse effect to the financial position of the Group. In addition, Lemminkäinen may be forced to decrease the sale price of the units which may adversely affect its results of operations. Non-residential development projects are usually sold to investors during the initial stages of construction at the latest. However, also such units or projects which are reserved in advance by the buyers are not risk free in this sense, because the prevailing depressed economic conditions may weaken some buyers' ability to fulfil their commitments.

#### ***Management of projects***

The profitability of especially large-scale commercial building contracting and development projects depends, to a large extent, on the contributions of the management team of the project and the available resources and expertise at all operative levels. Loss of key employees who have specific knowledge on the management of projects could adversely affect their profitability.

#### ***Weather conditions***

In the construction business the weather conditions are of special importance. For instance, cold and snowy winters may suspend or substantially slow the progress of Lemminkäinen's projects. Unusual or severe weather conditions could have an adverse effect on Lemminkäinen's business, financial condition and results of operations.

#### ***Risks related to environmental effects***

In connection with its business operations Lemminkäinen stores and handles for example oils, lubricants and other chemicals. The most substantial environmental effect risks of the Group are potential emissions of chemicals which are detrimental to the nature. The management of environmental affairs and the effects of the Group's operations on the environment are continuously monitored by means of internal monitoring and control programmes. However, there can be no assurance that Lemminkäinen will not in the future incur material costs or liabilities in relation to environmental compliance, for example as a result of any future environmental and health and safety laws that may be adopted.

### **Legal proceedings**

In 2009 the Supreme Administrative Court ("SAC") fined a number of Finnish asphalt industry companies for violations of the Act on Competition Restrictions.

At present, 26 municipalities and the Finnish Road Administration have brought actions for the recovery of damages from Lemminkäinen and other asphalt companies in the District Court of Helsinki. The claimants contend that restrictions of competition have caused them damages. The capital amount of the claims presented against Lemminkäinen is at present about EUR 73 million. The claims presented in the statements of claim differ from each other as regards their amounts and grounds.

The decision rendered by the SAC in 2009 as it stands does not mean that Lemminkäinen or the other asphalt industry companies actually caused the parties ordering asphalt works any damages. The SAC's decision does not concern the individual contracts that the claimants are citing in support of their claims. Neither does the decision concern the pricing of individual contracts, nor has the SAC considered the claim that pricing deviating from the market price had been used in the contracts.

Lemminkäinen's initial position is that the claims are without foundation. The claims will be brought separately before the District Court of Helsinki and heard in the order determined by the court. It is likely that district court proceedings will continue into 2011. No provision for future expense has been made in respect of the statements of claims submitted so far to the district court by the municipalities and the Finnish Road Administration.

## **Financial risks**

Lemminkäinen Group is subject in its business operations to financial risks, which are mainly interest rate risk, exchange rate risk, funding and liquidity risk, and credit risk. The aim of financial risk management is to reduce uncertainty concerning the possible impacts that changes on the financial markets or in Group itself could have on the Group's income statement, cash flow and balance sheet.

### ***Interest rate risk***

Interest rate fluctuations may affect the value and results of the Group. The Group's interest rate risk comprises mainly loan and financial leasing agreements, interest-bearing financial receivables and interest rate derivatives. Interest rate changes affect income statement and balance sheet items through financial income and expenses. The interest rate sensitivity of the Group's business is minimised by setting the Group's average interest rate fixing period to the same as the interest rate sensitivity of its business.

The interest rate sensitivity position of the Group's business is estimated to about 15 months. The treasury policy thus defines the Group's average interest rate fixing period as 12-18 months. The Group aims to keep 40-65 per cent of its liabilities in individual currencies hedged. At the end of the year 2009 Lemminkäinen's average period of interest rate fixation was 18 months and the interest rate hedge ratio was 36 per cent.

The Group can take out both variable- and fixed-rate long-term loans. The ratio of fixed- to variable-rate loans can be changed for instance by means of interest rate derivatives. The Group uses interest rate caps, interest rate floors and interest rate swap agreements, and applies hedge accounting to two interest rate swap agreements.

Interest rate fluctuations in 2009 and 2010 haven't had any unusual effect on the Group's business, but a significant rise in the level of interest rates may have a detrimental effect on the demand for housing.

### ***Exchange rate risk***

Exchange rate risk mainly consists of transaction risk and translation risk. Translation risk consists of exchange rate differences arising from the translation of the income statements and balance sheets of foreign group companies into the Group's home currency. Lemminkäinen Group's reportable translation risk is caused by equity investments in and the retained earnings of foreign subsidiaries, the effects are recorded under translation differences in shareholders' equity. Lemminkäinen Group has foreign net investments in several currencies. In accordance with the treasury policy endorsed by the Board of Directors in December 2009, the Group protects itself from translation risks primarily by keeping equity investments in foreign companies at an appropriately low level, and thus not use financial instruments to hedge the translation risks.

Transaction risk consists of cash flows in foreign currencies from operational and financing activities. The Group seeks to hedge business exchange rate risks primarily by operative means. The remaining transaction risk is hedged by using instruments such as currency derivatives and/or foreign currency loans. The group companies are responsible for identifying, reporting, forecasting and hedging their transaction risk positions internally, with the general rule that the monthly net positions forecasted for the 12 months following the review date is hedged. The group treasury is responsible for hedging significant risk positions of the Group as external transactions in accordance with the treasury policy. The key currencies in which the Group is exposed to transaction risk are US Dollar and Russian Ruble. In 2009 and 2010 the Group has not applied hedge accounting to the transaction risk hedging.

### ***Liquidity risk***

The Group seeks to optimise the use of liquid assets in funding the business operations and to minimise interest expenses and banking costs. The group treasury is responsible for managing the Group's overall liquidity, and for ensuring that adequate credit lines and a sufficient number of funding sources are available. It also ensures that the maturity profile of the Group's loans is spread sufficiently evenly over coming years. The Group's liquidity management is based on monthly forecasts of funding requirements and daily cash flow forecasting.

As an indirect consequence of the financial crisis, the maturity profile of the Group's debts at the end of 2009 was not in accordance with the set goals. The Group will strive to change the debt maturity profile during 2010. During 2009 the Group re-arranged its short-term debt totalling EUR 270.0 million and negotiated a bank guarantee for a pension loan

facility of EUR 115.0 million. These arrangements safeguard the Group's liquidity and give the Company more financial flexibility. The Group also aims to free up capital and thus reduce debts. The maturities and repayment periods of the loan and credit facilities were one to five years as at 31 December 2009. According to the treasury policy endorsed by the Board of Directors in December 2009, the Group's liquidity reserve shall at all times match the Group's total liquidity requirement, and it must be accessible within five banking days without any additional charges to be incurred.

The Group's total liquidity requirement consists of a liquidity requirement for day-to-day operations, a risk premium requirement and a strategic liquidity requirement. Due to the nature of the Group's business operations, the importance of seasonal borrowing is great. The effect of seasonal variation on short-term liquidity is controlled by using a commercial paper programme, a committed credit limit and bank overdraft facilities. The total amount of the Group's commercial paper programme was EUR 300.0 million as at 31 December 2009 (of which EUR 5.0 million was in use). The Group has a committed revolving credit facility of EUR 150.0 million (of which unused is EUR 150.0 million).

The main principle is to use excess liquidity to amortise debt. The Group's excess liquidity is managed by means of internal deposits and cash pools.

### ***Credit risks***

The Group is exposed to credit risk through all of the Group's trade receivables and receivables associated with financial intermediaries (such as cash, deposits, derivatives and other similar types). The group companies are responsible for the credit risk related to operating items, such as trade receivables. Customers and the nature of the agreements differ in between the Group's segments. Customer specific credit risk management is carried out with the group companies' finance departments. The Group manages credit risk by retaining the ownership of the constructions, like apartments and office buildings, until the payment is received; taking advance payments; accelerated payment programs of projects, payment guarantees, credit risk insurances and careful examination of clients' background information.

### **Management of capital**

Capital means the equity and interest-bearing liabilities shown on Lemminkäinen's consolidated balance sheet. Lemminkäinen Group's capital management endeavours to ensure that the prerequisites for the Group's business sectors are maintained at a competitive level in all cyclical conditions, that risk-carrying capacity is adequate, for example, in construction contracts, and that the Company is able to pay a good dividend and service its loans. The amount of the Group's interest-bearing liabilities is affected by factors such as business expansion and investments in production equipment and buildings, land and acquisitions.

The capital structure, the amount of capital tied in business operations and the amount of interest-bearing liabilities pose risks for Lemminkäinen. The amount of the Group's interest-bearing liabilities may increase as a result of e.g. potential business expansion and investments in production equipment, buildings and land.

The Company continuously monitors the amount of debt, the ratio of net debt to EBITDA, and the equity ratio. The amount of net debt can vary during the accounting period due primarily to seasonal variations in production and the purchase of land. The borrowing facility arrangements include two quarterly measured financial ratio covenants: the net debt to EBITDA ratio, and the Company's equity ratio. The net debt to EBITDA ratio was breached in September 2009 as a consequence of the infringement fine imposed on the Company by the SAC. The Company renegotiated the terms of its borrowing agreement in November 2009 so that the facilities are in accordance with the original maturity and on almost the original terms. According to the new terms, Lemminkäinen's net debt to EBITDA ratio shall be less than 3.5–4.5, depending on the quarter. The Company's equity ratio shall exceed 30 per cent. Breaches of these covenants could have an adverse effect on the Company's liquidity and management of capital.

### **Other risks**

#### ***Accidents and damage***

Owing to the accident-prone nature of construction work, special attention is continuously paid to the development of industrial health and safety. The Group's fixed assets are insured against damage or loss in accordance with the insurance policy approved annually by the parent company's Board of Directors. Regardless of this, there can be no assurance that the Group has sufficient insurance cover against all accidents and damage. Such accidents and damage against which the Group has no insurance may therefore affect the profitability of the Groups' projects.

#### ***Product liability***

Lemminkäinen's products are designed to satisfy the applicable legal and regulatory requirements as well as the standards established by a number of regulatory and testing bodies. However, there can be no assurance that the products of

Lemminkäinen will in all circumstances meet such requirements and a failure to meet them could have an adverse effect on Lemminkäinen's net sales and brand value.

## **Risks related 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 or referred to in this Prospectus;
- (ii) 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;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- (iv) 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.

### ***Credit risk***

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

### ***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 would be unsecured creditors in the event of the Issuer's bankruptcy or reorganization. Accordingly, any adverse change in the financial condition and prospects of the Issuer may negatively impact the liquidity and the market prices for the Notes, and endanger the probability that the holder will receive the prompt and full payment, when due, for principal, interest and/or any other amounts and items payable to the holders pursuant to the Notes from time to time.

### ***Absence of rating***

The Notes or the Issuer are not currently rated by any rating agency.

### ***Early redemption***

As specified in the terms and conditions of the Notes, the holders are entitled to demand premature repayment of the Notes in cases specified in Conditions 8. "Change of Control" and 9. "Events of Default". Such premature repayment may adversely affect the ability of the Issuer to repay the Notes of such holders who elect not to exercise their right to get their Notes prematurely repaid. Investors are also exposed to the risk that several debt obligations of the Issuer become due simultaneously, as a result of which the investor in the Notes may have to wait for payment until the Issuer has paid other debts which rank senior to the Notes.

Furthermore, in case more than 75 per cent. of the aggregate volume of the Notes has been repaid pursuant to a demand by the holders based on a change of control of the Issuer, the Issuer is entitled to prepay also the remaining outstanding Notes by notifying the holders of such prepayment. The early redemption triggers a so-called re-investment risk as the investor cannot necessarily re-invest the prematurely returned principal with as high yield as the investor was originally supposed to be paid under the Notes.

### ***No prior public market for the Notes***

The Notes constitute a new issue of securities. Prior to the listing of the Notes on the Helsinki Stock Exchange, there is no public market for the Notes. Although application will be made to list the Notes on the Helsinki Stock Exchange, there can be no assurance that such application will be approved. In addition, listing of the Notes will not guarantee that an active public market for the Notes will develop, and if such a market were to develop, neither the Issuer nor the Arranger is under any obligation to maintain such a market. The liquidity and the market prices for the Notes can be expected to vary with changes in market and economic conditions, the financial condition and prospects of the Issuer and other factors that generally influence the market prices of securities. Such fluctuations may significantly affect the

liquidity and the market prices of the Notes, which may trade at a discount to the price at which the holders purchased the Notes.

Noteholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of this Prospectus), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Notes. Such lack of liquidity may result in investors suffering losses on the Notes in secondary resales even if there is no decline in the performance of the assets of the Issuer. The Issuer cannot predict which of these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Notes and instruments similar to the Notes at that time.

#### ***Fixed interest rate***

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. While the nominal compensation rate of a security with a fixed interest rate is fixed during the life of such security or during a certain period of time, the current interest rate on the capital market (market interest rate) typically changes on a daily basis.

In case the market interest rate increases, the market price of such a security typically falls, until the yield of such security is approximately equal to the market interest rate. If the market interest rate falls, the price of a security with a fixed interest rate typically increases, until the yield of such a security is approximately equal to the market interest rate. Consequently, the holders should be aware that movements of the market interest rate can adversely affect the price of the Notes and can lead to losses for the holders if they sell the Notes during the period in which the interest rate of the Notes is fixed.

#### ***No limitation on issuing additional debt or granting of security***

There is no restriction on the amount of debt which the Issuer may issue that ranks *pari passu* to the Notes. Neither is there restriction on granting of security by the Issuer on any existing or future debts except for the negative pledge clause relating to securities in Condition 9. "Events of Default" of the terms and conditions of the Notes. Such issuance of further debt or granting of security may reduce the amount recoverable by the holders upon winding-up or insolvency of the Issuer.

#### ***No voting rights***

The holders of the Notes have no voting rights with respect to the general meetings of shareholders of the Issuer. Consequently, in the Issuer's General Meetings of shareholders the Noteholders cannot influence any decisions by the Issuer to redeem the Notes or any decisions by the Issuer's shareholders concerning, for instance, the capital structure of the Issuer.

#### ***Legislative amendments***

The Notes are issued under Finnish law in force on the issue date. Any new statutes, ordinances and regulations, amendments to the legislation or changes in application of the law after the issue date may affect the Notes and the Issuer makes no representations in this regard.

#### ***Withholding tax on the Notes***

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

#### ***Modification***

The terms and conditions contain provisions for calling Noteholders' meetings to consider matters affecting the interests of Noteholders generally. These provisions permit defined majorities to 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.

#### ***Clearing and settlement***

The Notes issued are linked to the account-based book entry system of Euroclear Finland Ltd, and consequently, no physical securities will be issued. Clearing and settlement in connection with trading in Notes takes place in the RM

system of Euroclear Finland Ltd. Noteholders are dependent on the relevant clearing system in order to obtain payments under the Notes.

***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) 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.

## GENERAL INFORMATION

### Issuer

Lemminkäinen Corporation  
Salmisaarenaukio 2  
Helsinki  
P.O. Box 169  
FI-00181 Helsinki  
Telephone +358 2071 5000

Business Identity Code 0110775-8  
Registered domicile Helsinki

### Arranger for the Issue of the Notes

Pohjola Bank plc  
Teollisuuskatu 1 b  
Helsinki  
P.O. Box 308  
FI-00013 POHJOLA  
Finland  
Telephone +358 10 252 011  
Registered domicile Helsinki

### Auditor

PricewaterhouseCoopers Oy, Authorised Public Accountants  
Itämerentori 2  
P.O. Box 1015  
FI-00101 Helsinki

Auditor in charge Jan Holmberg, Authorised Public Accountant

### Responsibility Statement

The Issuer accepts responsibility regarding the information contained in this Prospectus. Having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of knowledge of the Company, in accordance with the facts and contains no omission likely to affect the import of such information.

Helsinki, 20 October 2010

Lemminkäinen Corporation

### Forward-looking Statements

This Prospectus contains forward-looking statements about Lemminkäinen's business that are not historical facts but, statements about future expectations. When used in this prospectus, the words "aims," "anticipates," "assumes," "believes," "estimates," "expects," "will," "intends," "may," "plans," "should" and similar expressions as they relate to Lemminkäinen or Lemminkäinen's management identify certain of these forward-looking statements. Other forward-looking statements can be identified in the context in which the statements are made. Forward-looking statements are set forth in a number of places in this Prospectus regarding the future results, plans and expectations with regard to Lemminkäinen's business, and on growth, profitability and the general economic conditions to which Lemminkäinen is exposed.

These forward-looking statements are based on Lemminkäinen's present plans, estimates, projections and expectations. They are based on certain expectations, which, even though they seem to be reasonable at present, may turn out to be incorrect. Such forward-looking statements are based on assumptions and are subject to various risks and uncertainties. Prospective investors should not unduly rely on these forward-looking statements. Numerous factors may cause actual results, realized revenues or performance to differ materially from the results, revenues and performance expressed or

implied in the forward-looking statements of Lemminkäinen. See “Risk Factors” for information on factors that could cause Lemminkäinen's actual results of operations, performance or achievements to differ materially.

Lemminkäinen expressly disclaims any obligation to update forward-looking statements or to adjust them in light of future events or developments, save as required by law or regulation.

### **Market Information**

This Prospectus contains estimates regarding the market position of Lemminkäinen. Such information is prepared by Lemminkäinen based on third-party sources and Lemminkäinen's own internal estimates. In many cases, there is no publicly available information on such market data. Lemminkäinen believes that its estimates of market data and information derived therefrom are helpful in order to give investors a better understanding of the industry in which it operates as well as its position within this industry. Although Lemminkäinen believes that its internal market observations are fair estimates, they have not been reviewed or verified by any external experts and Lemminkäinen cannot guarantee that a third-party expert using different methods would obtain or generate the same results.

### **No Incorporation of Website Information**

This Prospectus together with the documents incorporated by reference hereto are available on Lemminkäinen's website at [www.lemminkainen.com/Investors](http://www.lemminkainen.com/Investors). However, the contents of Lemminkäinen's website or any other website do not form a part of this Prospectus (excluding the documents incorporated by reference into this Prospectus as set forth in “Documents Incorporated by Reference”), and no person should rely on such information in making their decision to purchase Notes.

## TERMS AND CONDITIONS OF THE NOTES

The Board of Directors of Lemminkäinen Corporation (the "**Issuer**") has in its meeting on 8 June 2010 decided to issue notes referred to in paragraph 1 of Section 34 of the Act on Promissory Notes (622/1947, as amended) (*Velkakirjalaki*). Based on the decision, the Issuer proposes to issue senior unsecured notes (the "**Notes**") on the terms and conditions specified below.

Pohjola Bank plc will act as arranger (the "**Arranger**") in connection with the offer and issue of the Notes.

### 1. Amount and Issuance of the Notes

The maximum principal amount of the Notes is EUR sixty million (€60,000,000), or a higher amount, as may be determined by the Issuer.

The Notes will be issued in the RM-book-entry securities system of Euroclear Finland Ltd ("**EFi**"), address Urho Kekkosen katu 5 C, 00100 Helsinki, Finland, in accordance with the Finnish legislation governing book-entry system and book-entry accounts as well as the regulations and decisions of EFi.

The issue administrator (*liikkeeseenlaskun hoitaja*) of the Notes referred to in the regulations of EFi (the "**Issue Administrator**") and the paying agent of the Notes (the "**Paying Agent**") is Pohjola Bank plc.

The issue date of the Notes is 14 September 2010 (the "**Issue Date**").

The Notes will be offered for subscription in a minimum amount of EUR 50,000. The principal amount of each book-entry unit (*arvo-osuuden yksikkökoko*) is EUR 1,000. The maximum number of the Notes is sixty thousand (60,000), or a higher number if the Issuer decides to increase the maximum principal amount of the Notes. 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 Finnish institutional investors through a book-building procedure (*private placement*). The subscription period shall commence and end on 7 September 2010.

Bids for subscription shall be submitted to Pohjola Bank plc, Debt Capital Markets, Teollisuuskatu 1b, Helsinki, 00013 POHJOLA, Finland, telephone +358 10 252 7970, during regular business hours.

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.

Subscriptions shall be paid for as instructed in connection with the subscription. Notes subscribed and paid for shall be delivered by the Issue Administrator to the 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 regulations and decisions of EFi.

### 3. Issue Price

The issue price of the Notes is 99.649 per cent.

### 4. Interest

The rate of interest of the Notes is 4.50 per cent per annum.

Interest on the Notes will be payable in arrears commencing on 6 April 2011 and thereafter semi-annually on each 6<sup>th</sup> October and 6<sup>th</sup> April (each, an "**Interest Payment Date**"). Interest shall accrue for each interest period from and including the first day of the interest period to and 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 Redemption Date (as defined below).

Interest in respect of the Notes will be calculated on "Actual/Actual ICMA" basis, meaning that the number of days elapsed in the relevant Interest Period is divided by 365 (or, in the case of a leap year, 366).

## 5. Redemption

The Notes shall be repaid in full at their nominal principal amount on 6 October 2014 (the “**Redemption Date**”), unless the Issuer has prepaid the Notes in accordance with Condition 8 or 9.

## 6. Status and Security

The Notes constitute direct, unsecured, unguaranteed and unconditional obligations of the Issuer ranking *pari passu* among each other and with all other unsecured and unsubordinated indebtedness of the Issuer, save for such obligations as may be preferred by mandatory provisions of law. The Notes involve a risk of the Issuer's repayment ability.

## 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 regulations and decisions of EFi.

Should the payment date of interest or principal fall on a date which is not a Business Day, the payment of the amount due will be postponed to the next following Business Day, unless it would thereby fall into the next calendar month, in which event such payment date shall be brought forward to the immediately preceding Business Day. The transfer of the payment date shall not have an impact on the amount payable.

In these terms and conditions, “**Business Day**” shall mean 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 (TARGET) System is open.

## 8. Change of Control

If, after the Issue Date, any person or group of persons acting in concert, directly or indirectly, gains control of the Issuer, the Issuer shall promptly notify the holders of Notes of such event in accordance with Condition 12.

Upon occurrence of a change of control, the Issuer shall on the Prepayment Date (as defined below) prepay the nominal principal amount of and accrued interest on the Notes held by holders of Notes 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).

If Notes representing more than seventy-five (75) per cent of the aggregate nominal principal amount of the Notes have been prepaid on the Prepayment Date pursuant to this Condition 8, the Issuer is entitled to prepay also the remaining outstanding Notes at their nominal principal amount with accrued interest but without any premium or penalty by notifying the holders of Notes in accordance with Condition 12 no later than 15 Business Days after the Prepayment Date. Such prepayment may occur at the earliest on the tenth (10<sup>th</sup>) Business Day following the date of publication of such notice.

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

“**gains control**” means the consummation of any transaction or agreement or a series of related transactions (including, without limitation, any merger or consolidation) the result of which is that any person or group of persons acting in concert becomes the holder of shares of the Issuer representing more than 50 per cent of the total voting rights represented by the shares of the Issuer (including any shares of the Issuer held by any related party of such person or group of persons acting in concert to be included in such calculation in accordance with Finnish law and regulations related to mandatory tender offers but excluding any shares of the Issuer held by the Issuer itself or by any related party of the Issuer to be excluded from such calculation in accordance with Finnish law and regulations related to mandatory tender offers).

“**Prepayment Date**” means the date falling forty-five (45) Business Days after the publication of the notice referred to in the first paragraph of this Condition 8.

## 9. Events of Default

If an Event of Default (as defined below) occurs, any holder of a Note may by a written notice to the Issuer declare the 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 (10<sup>th</sup>) Business Day from the date such notice was received *provided* that an Event of Default is continuing on the date of receipt of the notice and on the specified early repayment date. Interest accrues until the early repayment date (excluding the early repayment date).

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 13.
- (b) **Negative Pledge:** The Issuer or any of its subsidiaries has granted a security or a guarantee over any other issue of notes or other securities issued after the issuance of the Notes that are, will be or are capable of being quoted on any stock exchange or subject to trading in any regulated market, unless the granting of such security or guarantee is required under Finnish law.
- (c) **Cross Default:** (i) Any outstanding Indebtedness is declared due and repayable prematurely by reason of an event of default (howsoever described); (ii) the Issuer or any of its Material Subsidiaries fails to make any payment in respect of Indebtedness on the relevant due date as extended by any originally applicable grace period; (iii) any security given by the Issuer or any of its Material Subsidiaries in respect of such Indebtedness becomes enforceable by reason of default; (iv) the Issuer or any of its Material Subsidiaries defaults in making any payment when due (as extended by any applicable grace period) under any guarantee in relation to such Indebtedness; however, no Event of Default will occur under (i)–(iv) above if the aggregate amount of such payment or Indebtedness is less than EUR ten million (€10,000,000) or its equivalent in foreign currency.

“**Indebtedness**” means for the purposes of these terms and conditions, indebtedness (whether being principal, premium, interest or other amounts) in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities or any borrowed money or any liability under or in respect of any acceptance or acceptance credit of the Issuer or any of its Material Subsidiaries.

A holder of a Note shall not be entitled to demand repayment under this sub-condition (c) if the Issuer or its Material Subsidiary has *bona fide* disputed the existence of the occurrence of an Event of Default under this sub-condition (c) in the relevant court or in arbitration as long as such dispute has not been finally and adversely adjudicated against the Issuer or its Material Subsidiary.

- (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, liquidation or dissolution of the Issuer or any of its Material Subsidiaries.
- (f) **Insolvency:** (i) The Issuer or any of its Material Subsidiaries becomes insolvent or is unable to pay its debts as they fall due; (ii) the Issuer or any of its Material Subsidiaries makes a general assignment or an arrangement or composition with or for the benefit of its creditors; or (iii) an application is filed for the Issuer or any of its Material Subsidiaries being subject to bankruptcy or re-organization proceedings, or for the appointment of an administrator or liquidator of any of the Issuer’s or its Material Subsidiaries’ assets and such application is not discharged within 45 days.

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

- (i) whose net sales (consolidated, in the case of a subsidiary which itself has subsidiaries) or whose total assets (consolidated, in the case of a subsidiary which itself has subsidiaries) represent not less than ten (10) per cent of the consolidated net sales or the consolidated total net assets of the Lemminkäinen group taken as a whole, all as calculated by reference to the then most recent audited financial statements (consolidated or, as the case may be, unconsolidated) of such subsidiary and the then most recent audited consolidated financial statements of the Lemminkäinen group; or
- (ii) 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.

“**Subsidiary**” and “**group**” mean a subsidiary and a group within the meaning of Chapter 1, Section 6 of the Finnish Bookkeeping Act (1336/1997, as amended) (*Kirjanpitolaki*).

## 10. 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 holders of the Notes in respect of such withholding or deduction.

## 11. Noteholders’ Meeting

- (a) The Issuer may convene a meeting of the holders of Notes (a “**Noteholders’ Meeting**”) to decide on amendments of these terms and conditions or other matters as specified below.
- (b) Notice of a Noteholders’ Meeting shall be published in accordance with Condition 12 no later than ten (10) days prior to the meeting. The notice shall specify the time, place and agenda of the meeting as well as any action required on the part of a holder of Notes to attend the meeting. No other matters than those referred to in the notice may be resolved upon at the Noteholders’ Meeting.
- (c) Noteholders’ Meeting shall be held in Helsinki and its chairman shall be appointed by the Issuer.
- (d) Noteholders’ Meeting shall constitute a quorum only if two or more holders of Notes holding fifty (50) per cent or more of the principal amount of the Notes outstanding are present in the meeting.
- (e) 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 meeting may, at the request of the Issuer, be adjourned for consideration at a meeting to be convened on a date no earlier than fourteen (14) days and no later than twenty-eight (28) days after the original meeting at a place to be determined by the Issuer. The adjourned Noteholders’ Meeting shall constitute a quorum if two (2) or more holders of Notes ten (10) per cent or more of the principal amount of the Notes outstanding are present.
- (f) Notice of an adjourned Noteholders’ Meeting shall be given in the same manner as notice of the original meeting. The notice shall also state the conditions for the constitution of a quorum.
- (g) Voting rights of holders of Notes shall be determined according to the principal of the Notes held. The Issuer and any companies belonging to its group shall not hold voting rights at the Noteholders’ Meeting.
- (h) Resolutions shall be carried by a majority of two-thirds (2/3) of the votes cast. In the event of a tied vote, the chairman of the meeting shall have the casting vote.
- (i) A representative of the Issuer and a person authorised to act for the Issuer may attend and speak at a Noteholders’ Meeting.
- (j) A Noteholders’ Meeting is entitled to make the following decisions that are binding on all the holders of Notes:
  - (i) to change the terms and conditions of the Notes;
  - (ii) to grant a temporary waiver on the terms and conditions of the Notes;

However, consent of all the holders of Notes is required to:

- (i) decrease the principal of or interest on the Notes;
- (ii) extend the maturity of the Notes;
- (iii) amend the conditions for the constitution of a quorum at a Noteholders’ Meeting; or

- (iv) amend the majority requirements of the Noteholders' Meeting.

The consents can be given at a Noteholders' Meeting or by other verifiable means.

The Noteholders' Meeting can authorise a named person to take necessary action to enforce the decisions of the Noteholders' Meeting.

- (k) Resolutions passed at a Noteholders' Meeting shall be binding on all holders of Notes irrespective of whether they have been present at the Noteholders' Meeting.
- (l) Resolutions passed at a Noteholders' Meeting shall be notified to the holders of Notes in accordance with Condition 12. In addition, holders of Notes are obliged to notify subsequent transferees of the Notes of the resolutions of the Noteholders' Meeting.

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 holders of the Notes or a Noteholders' Meeting.

## **12. Notices**

Holders of the Notes shall be advised of matters relating to the Notes by a notice published in Helsingin Sanomat or any other Finnish daily newspaper selected by the Issuer. Once approved by EFi, account operators of the EFi book-entry system may give notices relating to the Notes also through the book-entry system. Any such notice shall be deemed to have been received by the holders of Notes when published in any manner specified in this Condition 12.

In order to facilitate giving of notices to the holders of Notes pursuant to this Condition 12, the Issue Administrator is entitled to obtain information necessary for such purpose from EFi, and EFi shall be entitled to provide such information to the Issue Administrator.

Address for notices to the Issuer is as follows:

Lemminkäinen Oyj  
Group Treasury  
Salmisaarenaukio 2  
FI-00180 Helsinki, Finland

## **13. Force Majeure**

The Issuer, the Arranger, the Issue Administrator or the Paying Agent shall not be responsible for any losses of the holders of Notes resulting from:

- (a) action of the 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 control of the Issuer, the Arranger, the Issue Administrator or the Paying Agent and materially affect operations of any of them;
- (c) any interruption of or delay in any functions or measures of the Issuer, the Arranger, the Issue Administrator 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 Arranger, the Issue Administrator 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 unduly difficult to carry on the activities of the Issuer, the Arranger, the Issue Administrator or the Paying Agent.

## **14. 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.

## **15. Listing and Secondary Market**

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

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

The Issuer shall be entitled to repurchase Notes from the secondary market. The repurchased Notes may be resold or nullified.

## **16. Further Issues**

The Issuer may from time to time, without the consent of and notice to the holders of the Notes, create and issue further Notes having the same terms and conditions as the Notes in all respects (or 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 possibly also the maximum principal amount of the Notes or otherwise. For the avoidance of doubt, this Condition 16 shall not limit the Issuer's right to issue any other notes.

## **17. Information**

Copies of the documents relating to the Notes shall be available for inspection during office hours at the office of the Issuer at Salmisaarenaukio 2, 00180 Helsinki, and at Pohjola Bank plc, Debt Capital Markets, Teollisuuskatu 1b, 00510 Helsinki.

## **18. Applicable Law and Jurisdiction**

The Notes shall be governed by Finnish law.

Any disputes relating to the Notes shall be settled in the first instance at the District Court of Helsinki (*Helsingin käräjäoikeus*). However, any plaintiff that is a consumer is entitled to proceed at the district court of the plaintiff's domicile in Finland.

## **19. ISIN Code**

The ISIN code of the Notes is FI4000016761.

## ADDITIONAL INFORMATION ON THE ISSUE OF THE NOTES

Type of issue ..... The Notes were offered for subscription mainly to Finnish institutional investors. The maximum principal amount of the Notes (EUR 60,000,000) was issued on 14 September 2010.

Underwriting ..... No

Interest of the Arranger of the issue of the Notes ..... Business interest normal in the financial markets.

Listing ..... Application will be made to have the Notes listed on the Helsinki Stock Exchange.

Estimated time of listing ..... 26 October 2010.

Yield and duration ..... As at the Issue Date, the duration of the Notes was 3.58 years, and their yield to maturity at the issue price of 99.919 percent was 4.595 percent.

Reasons for the issue and use of proceeds ..... The Notes were issued and the proceeds from the issue are intended to be used to repay existing indebtedness.

## INFORMATION ON THE ISSUER

### General Information

Lemminkäinen Corporation is a Finnish public limited company domiciled in Helsinki. Lemminkäinen was registered in the trade register on 2 August 1910 and its business identity code is 0110775-8. The Company's registered address is Salmisaarenaukio 2, 00180, Helsinki, Finland. Lemminkäinen Corporation is the parent company of Lemminkäinen Group. The most significant subsidiaries of the Group are Lemminkäinen Talo Oy, Lemminkäinen Infra Oy, Lemminkäinen Talotekniikka Oy and Lemminkäinen Rakennustuotteet Oy. The Group operates in all areas of the construction sector.

The Group comprises the following business segments: Building Construction, Infrastructure Construction, Technical Building Services and Building Products. Of these segments, Infrastructure Construction operates in the Nordic countries and Eastern Europe, and Building Construction globally. The other business segments operate mainly in Finland and the surrounding region.

According to the audited financial statements for 2009, Lemminkäinen Group's net sales in year 2009 were EUR 1,964 million (EUR 2,482 million in the year 2008), of which international operations accounted for 27%. The Group's operating profit for the year 2009 was EUR 23.3 million (EUR 123.2 million in the year 2008). The result for the year 2009 was EUR -23.7 million (EUR 63.5 million in the year 2008). The 2009 result was weakened by reduced volumes due to the general economic situation. The Group's result was also impacted by the EUR 68.0 million infringement fine imposed by the Supreme Administrative Court, of which EUR 54 million was recognised in the third quarter of the year 2009.

The average number of employees in the Group during the review period 1 January to 30 June, 2010 was 7,966 (8,543 during the comparison period in 2009), down by 7% on the comparison period. 71% (69%) of the personnel worked in Finland, 12% (12%) in other Nordic countries, 11% (11%) in the Baltic states and 6% (8%) in other countries. The number of personnel has been adjusted to the prevailing market situation.

The shares of the Group's parent company, Lemminkäinen Corporation, are quoted on the Helsinki Stock Exchange maintained by NASDAQ OMX Helsinki Ltd.

The following tables set forth information on Lemminkäinen's key figures for the periods 1 April to 30 June 2010 and 2009, periods 1 January to 30 June 2010 and 2009 and the year ended 31 December 2009. From 1 January 2010 Lemminkäinen adopted the interpretation IFRIC 15 - Agreements for the Construction of Real Estate in its reporting. In the following tables, also the figures for 2009 have been calculated in accordance with the interpretation.

Key figures, (unaudited)	EUR	million	4-6/2010	4-6/2009	1-6/2010	1-6/2009	1-12/2009
Net sales			478.8	528.3	763.2	871.8	1,965.5
of which operations outside Finland			154.1	146.4	218.1	218.1	527.6
Operating profit			20.0	27.8	-8.5	21.0	23.2
Operating margin, %			4.2	5.3	-1.1	2.4	1.2
Profit before taxes			15.0	18.6	-19.0	1.9	-10.2
Profit for accounting period			9.8	13.0	-16.6	-0.3	-23.8
Earnings per share			0.60	0.72	-0.92	-0.09	-1.54
Cash flow from operating activities			-47.0	14.8	-96.9	-70.6	64.2

*The financial information above and below should be read together with the Issuer's audited consolidated financial statements as at and for the years ended 31 December 2009, Lemminkäinen's stock exchange release of 9 April 2010 ('Lemminkäinen's comparative figures for 2009 prepared in accordance with IFRIC 15' (unaudited)) and the unaudited interim report as of and for the six months ended 30 June 2010.*

<b>Key figures, EUR million (unaudited)</b>	<b>30.6.2010</b>	<b>30.6.2009</b>	<b>31.12.2009</b>
Order book	1,430.2	1,249.5	1,064.5
- of which unsold	149.6	114.2	103.2
- of which operations outside Finland	338.6	374.1	224.4
Equity ratio, %	30.2	26.0	31.0
Gearing, %	128.3	140.9	110.2
Liquid funds	39.0	111.0	74.4
Interest-bearing liabilities	448.5	556.2	399.1

*The financial information above and below should be read together with the Issuer's audited consolidated financial statements as at and for the years ended 31 December 2009, Lemminkäinen's stock exchange release of 9 April 2010 ('Lemminkäinen's comparative figures for 2009 prepared in accordance with IFRIC 15' (unaudited)) and the unaudited interim report as of and for the six months ended 30 June 2010.*

### **Business Strategy**

The main financial targets are profitable growth and strengthening the Group's solvency. Focus areas are renovation construction, technical building services, Russian residential construction and Nordic infrastructure construction. The Group structure will be simplified and the brand harmonised with the aim of creating one Lemminkäinen.

The Company's profitability target is a return on investment in excess of 18% and its solvency target is an equity ratio in excess of 35%. Lemminkäinen is aiming for an average 10% growth in net sales for the strategy period 2010 to 2013.

According to the new dividend distribution policy, the company aims for a stable distribution of dividends in which at least 40% of the result for the financial year belonging to the parent company's owners is distributed as dividends. The amount of dividends may, however, be affected by investment needs targeted at company growth or other financing needs.

### **Business Sectors**

#### ***Building Construction***

Lemminkäinen Building Construction is the Group's largest business sector. It encompasses residential construction, commercial and office construction, industrial and logistics construction, sports and recreational construction and telecom network construction. Key customers of Lemminkäinen Building Construction are home buyers as well as the users, developers and owners of public and private premises. International operations account for about a fifth of the business sector's net sales. Lemminkäinen Group's building construction business sector is the responsibility of Lemminkäinen Talo Oy and its subsidiaries.

<b>Key figures, EUR million<sup>1)</sup> (unaudited)</b>	<b>4-6/2010</b>	<b>4-6/2009</b>	<b>1-6/2010</b>	<b>1-6/2009</b>	<b>1-12/2009</b>
Net sales	169.2	217.0	337.9	422.3	868.7
Operating profit <sup>2)</sup>	6.7	9.1	7.9	20.5	36.4
Operating margin, %	4.0	4.2	2.3	4.9	4.2
Order book at end of period			727.1	626.7	601.7
- of which unsold			149.6	114.2	103.2

<sup>1)</sup> From 1 January 2010 Lemminkäinen observes the interpretation IFRIC 15 - Agreements for the Construction of Real Estate in its reporting. The comparative figures for 2009 have also been calculated in accordance with the interpretation.

<sup>2)</sup> From 1 January 2010 financial items are no longer reported sector-specifically in segment reports delivered to management. For this reason sector-specific comparative figures are presented only up until the operating profit line.

#### ***Infrastructure Construction***

Lemminkäinen is one of the biggest infrastructure construction companies in Finland and the Baltic Rim region. Infrastructure Construction is the Group's second biggest business sector. Its business areas are paving, mineral

aggregates and civil engineering. Lemminkäinen has its own asphalt and mineral aggregates production, and its services include the construction and maintenance of road, street and railway networks as well as rock and geotechnical engineering works. International operations account for just under a half of the business sector's net sales. Lemminkäinen Group's infrastructure construction business sector is the responsibility of Lemminkäinen Infra Oy and its subsidiaries.

Key figures, EUR million <sup>1)</sup> (unaudited)	4-6/2010	4-6/2009	1-6/2010	1-6/2009	1-12/2009
Net sales	226.0	222.1	277.2	290.1	768.0
Operating profit <sup>2)</sup>	13.5	12.8	-10.8	-5.5	22.0
Operating margin, %	6.0	5.7	-3.9	-1.9	2.9
Order book at end of period			543.9	490.0	319.2

<sup>1)</sup> Forssan Betoni Oy, which formerly belonged to Lemminkäinen's Infrastructure Construction business sector, was transferred on 1 January 2010 to the Building Products business sector. The comparative figures for 2009 have also been prepared in accordance with the new organisation.

<sup>2)</sup> From 1 January 2010 financial items are no longer reported sector-specifically in segment reports delivered to management. For this reason sector-specific comparative figures are presented only up until the operating profit line.

### Technical Building Services

Lemminkäinen is a specialist supplier of installation and maintenance services covering the full range of technical building and facility systems over the entire life cycle of the property. Services include installation contracting of technical building systems on new and renovation construction sites, building and facility maintenance, servicing and modernisation, control room and call-our services, and industrial services. Lemminkäinen Group's technical building services business sector is the responsibility of Lemminkäinen Talotekniikka Oy and its subsidiaries. Lemminkäinen Talotekniikka has 36 service locations in Finland. Facility servicing and maintenance are the responsibility of Lemminkäinen Kiinteistötekniikka Oy, which is supported in its international operations by its subsidiary in St. Petersburg.

Key figures, EUR million (unaudited)	4-6/2010	4-6/2009	1-6/2010	1-6/2009	1-12/2009
Net sales	55.8	60.6	110.0	115.9	233.8
Operating profit <sup>1)</sup>	0.4	2.6	1.5	5.1	12.2
Operating margin, %	0.7	4.3	1.4	4.4	5.2
Order book at end of period			118.0	84.0	106.8

<sup>1)</sup> From 1 January 2010 financial items are no longer reported sector-specifically in segment reports delivered to management. For this reason sector-specific comparative figures are presented only up until the operating profit line.

### Building Products

Lemminkäinen manufactures, sells and offers contracting services related to concrete and natural stone urban environment products, pre-cast concrete elements, ready-mix concrete, bituminous roofing materials and waterproofing products. The Company also offers contracting services for the specialised roofing, urban environment and sports construction products that it imports and distributes. Lemminkäinen's extensive range of manufactured and imported building products are used in its design and contracting services for yards, roofs and urban environment and sports-related structures. Lemminkäinen also offers repair, maintenance, installation and advisory service nationwide. The main market area is Finland, but Lemminkäinen also exports building products to other Nordic countries, Russia, Eastern Central-Europe, the Baltic states and Poland. Lemminkäinen Building Products operates through Lemminkäinen Rakennustuotteet Oy and its subsidiaries.

Key figures, EUR million <sup>1)</sup> (unaudited)	4-6/2010	4-6/2009	1-6/2010	1-6/2009	1-12/2009
Net sales	44.7	44.0	65.0	66.6	154.2
Operating profit <sup>2)</sup>	3.4	4.6	-0.3	2.5	10.4
Operating margin, %	7.6	10.4	-0.5	3.8	6.8
Order book at end of period			41.2	48.9	36.8

<sup>1)</sup> Forssan Betoni Oy, which formerly belonged to Lemminkäinen's Infrastructure Construction business sector, was transferred on 1 January 2010 to the Building Products business sector. The comparative figures for 2009 have also been prepared in accordance with the new organisation.

<sup>2)</sup> From 1 January 2010 financial items are no longer reported sector-specifically in segment reports delivered to management. For this reason sector-specific comparative figures are presented only up until the operating profit line.

## Management and Administration

### *Board of Directors*

Lemminkäinen Corporation's Annual General Meeting elects each year at least four and at most eight members to serve on the Company's Board of Directors. The Board of Directors handles matters in accordance with its order of business and decides on important matters of principle and issues with far-reaching consequences for the Group.

In accordance with its order of business, the Board of Directors confirms Lemminkäinen Corporation's values, strategy and business policies, and monitors their implementation and topicality. The Board of Directors makes decisions in accordance with its mandate in the Articles of Association on expansion into new business areas and the discontinuation of old businesses.

The Board of Directors approves the budgets of Group companies as constituent parts of the Group's budget, and makes investment and financing decisions that are important for the Group. In addition, the Board of Directors ensures that the principles of the Group's risk management are defined and annually ensures that key business risks are identified and systematically monitored. The Board of Directors also ensures that the Company has a functional system of internal controls.

The Board of Directors appoints and dismisses the President & CEO as well as his/her immediate subordinates. It decides on the pay, incentive scheme and other benefits received by the President & CEO and his/her immediate subordinates on the basis of a proposal made by the Remuneration Committee. The Board of Directors also decides on the principles of the Group's incentive pay schemes.

At meetings of the Board of Directors the President & CEO presents his review of the Group's different business sectors as well as financial reports on the Group.

The six members of the Board of Directors of Lemminkäinen Corporation are:

**Berndt Brunow**, b. 1950, Finnish citizen,

B.Sc.(Econ.)

Lemminkäinen Board Member 2002-

Chairman of the Board 2008-

Chairman of Lemminkäinen's Nomination Committee and a member of the Remuneration Committee

Oy Karl Fazer Ab, Chairman of the Board

UPM Kymmene Corporation, Vice Chairman of the Board of Directors

Hanken School of Economics, Vice Chairman of the Board of Directors

Oy Nautor Ab, Member of the Board of Directors

*Independent of the Company and its significant shareholders.*

**Juhani Mäkinen**, b. 1956, Finnish citizen,

Counsellor of Law, Attorney

Lemminkäinen Board Member 2008-

Vice Chairman of the Board 2008-

Member of Lemminkäinen's Audit Committee

Hannes Snellman Attorneys Ltd, Partner 1985-

Oy Forcit Ab, Chairman of the Board of Directors

Myllykoski Corporation, Vice Chairman of the Board of Directors

Componenta Corporation, Vice Chairman of the Board of Directors

Oy Karl Fazer Ab, Member of the Board of Directors

Polttimo Oy, Member of the Board of Directors

Virala Oy Ab, Member of the Board of Directors

Stora Enso Corporation, Member of the Board of Directors

*Independent of the Company and its significant shareholders.*

**Mikael Mäkinen**, b. 1956, Finnish citizen,

M.Sc.(Eng.), Nav.Arch

Lemminkäinen Board Member 2009-

Member of Lemminkäinen's Remuneration Committee  
Cargotec Corporation, President & CEO, 2006–  
Finpro, Chairman of the Board of Directors  
International Chamber of Commerce ICC Finland, Member of the Board of Directors  
Federation of Finnish Technology Industries, Member of the Board of Directors  
*Independent of the Company and its significant shareholders.*

**Kristina Pentti-von Walzel**, b. 1978, Finnish citizen,

M.Sc.(Econ.), B.Sc.(Pol.Sc.)  
Lemminkäinen Board Member 2007-  
Member of Lemminkäinen's Nomination Committee and Audit Committee  
Hanken School of Economics, Fundraising Campaign Director, 2008–  
Aspo Plc, Member of the Board of Directors  
Foundation for Economic Education, Member of the Board of Directors  
CMI Crisis Management Initiative, Member of the Board of Directors  
Finnish Family Firms Association, Member of the Board of Directors  
*Independent of the Company and non-independent of its significant shareholders.*

**Heikki Rätty**, b. 1953, Finnish citizen,

M.Sc.(Econ.)  
Lemminkäinen Board Member 2009-  
Chairman of Lemminkäinen's Audit Committee  
Helectron Oy Ab, Managing Director, 2009-  
Mekalasi Oy, Member of the Board of Directors  
Saxo Oy, Member of the Board of Directors  
Pato Oy, Member of the Board of Directors  
Electrosonic Group Oy Ab, Member of the Board of Directors  
*Independent of the Company and its significant shareholders.*

**Teppo Taberman**, b. 1944, Finnish citizen,

M.Sc.(Econ.)  
Lemminkäinen Board Member 1997-  
Chairman of Lemminkäinen's Remuneration Committee and a member of the Nomination Committee  
Professional board member and economic advisor, 1995–  
Oy Rettig Ab, Member of the Board of Directors  
Ålandsbanken Abp, Member of the Board of Directors  
Ingman Group Oy Ab, Member of the Board of Directors  
Larox Corporation, Member of the Board of Directors  
SKS Group Oy, Member of the Board of Directors  
*Independent of the Company and its significant shareholders.*

There are no conflicts of interest between any duties to the Company of the members of the Board of Directors and their private interests or other duties. The term of office of the board members ends at the conclusion of the first Annual General Meeting held after their election. The business address of the Board of Directors is Lemminkäinen Corporation, Salmisaarenaukio 2, 00180, Helsinki, Finland.

### ***President and CEO***

The Board of Directors appoints and dismisses the President & CEO.

The President & CEO is responsible for the day-to-day management and practical planning of the Company's businesses. The President & CEO also takes care of actions that are strategically important at Group level, such as preparations for acquisitions and the execution of measures decided by the Board of Directors. In addition, the President & CEO ensures that the Company's management resources are sufficient and that the Company's governance is appropriate and in accordance with the law.

Timo Kohtamäki (b. 1963) has served as the President & CEO of Lemminkäinen Corporation since 1 January 2009. Mr. Kohtamäki has worked for Lemminkäinen for over 10 years, the last of which as the Managing Director of Infrastructure Construction.

The business address of the CEO is Lemminkäinen Corporation, Salmisaarenaukio 2, 00180, Helsinki, Finland.

### ***Executive Board***

The Executive Board of Lemminkäinen Group comprises, in addition to the President & CEO of the parent company, the executive vice presidents responsible for the Group's four business sectors, as well as Lemminkäinen Corporation's Executive Vice President, Human Resources and ICT, Executive Vice President, Corporate Business Development, and the Chief Financial Officer. The members of the Executive Board, as of the date of this Prospectus, are as follows:

<b>Name</b>	<b>Position</b>
Timo Kohtamäki	President & CEO
Henrik Eklund	Executive Vice President, Infrastructure Construction
Marcus Karsten	Executive Vice President, Technical Building Services
Erkki Lönnrot	Executive Vice President, Building Products
Tiina Mellas	Executive Vice President, HR and ICT
Tiina Mikander	Executive Vice President, Corporate Business Development
Jukka Terhonen	Executive Vice President, Building Construction
Robert Öhman	Chief Financial Officer

There are no conflicts of interest between any duties to the Company of the members of the Executive Board and their private interests or other duties. The business address of the Executive Board is Lemminkäinen Corporation, Salmisaarenaukio 2, 00180, Helsinki, Finland.

### ***Corporate Governance***

In its decision making and administration, Lemminkäinen applies the Finnish Companies Act and the Finnish Securities Market Act and the rules issued by the Helsinki Stock Exchange, Lemminkäinen's Articles of Association and the Finnish Corporate Governance Code.

### ***Audit Committee***

The Board of Directors appoints an Audit Committee to assist the Board of Directors by preparing pertinent matters for the Board's consideration. The role of the Board of Directors' Audit Committee is to monitor the annual and interim financial reporting processes as well as the statutory auditing of the parent company and consolidated financial statements.

In March 2010 Lemminkäinen published a Corporate Governance Statement. With regard to the content of the statement, the Audit Committee describes the main features of the internal control and risk management systems associated with the financial reporting process. The Audit Committee monitors the adequacy and effectiveness of the Group's risk management, internal controls and internal auditing. The Audit Committee deals with reports and plans prepared for the committee by the internal control and internal audit units. Furthermore, the Audit Committee assesses the independence of the statutory auditor or firm of authorised public accountants and especially the provision of ancillary services to the audited firm. The Audit Committee carries out preparatory work on the election of the auditor for the Board of Directors' consideration. The Company's auditor and internal auditor as well as management representatives attend the committee's meetings when summoned to do so.

The Chairman of the Audit Committee is Heikki Rätty, with Juhani Mäkinen and Kristina Pentti-von Walzel serving as committee members. All the members of the committee are independent of the Company and two of them are independent of its major shareholders. The Audit Committee convened five times in 2009. All the members of the committee attended the meetings.

### ***Auditors***

Lemminkäinen's Annual General Meeting of shareholders, held on 16 March 2010, elected as its auditor PricewaterhouseCoopers Oy with Jan Holmberg, Authorised Public Accountant, as the responsible auditor. The audited consolidated financial statements of Lemminkäinen as of and for the years ended 31 December, 2009 and 2008 were audited by PricewaterhouseCoopers Oy with Jan Holmberg, Authorised Public Accountant, as the responsible auditor.

## Share Capital and Major Shareholders

As of the date of this Prospectus, Lemminkäinen's share capital was EUR 34,042,500 and the total number of shares issued was 19,644,764. Lemminkäinen has one share series.

The following table sets forth the 10 largest shareholders of Lemminkäinen that appear on the shareholder register maintained by Euroclear Finland Ltd as of 30 September 2010:

Shareholder	Number of Shares	Percent of Shares	Percent of Votes
Estate of Erkki Juhani Pentti	3,673,956	18.70	18.70
Pentti Olavi	3,673,953	18.70	18.70
Estate of Heikki Pentti	1,906,976	9.71	9.71
Varma Mutual Pension Insurance Company	823,727	4.19	4.19
Pentti Kristian	636,660	3.24	3.24
Pentti-Von Walzel Anna Eva Kristina	635,660	3.24	3.24
Pentti-Kortman Eva Katarina	635,660	3.24	3.24
Ilmarinen Mutual Pension Insurance Company	520,000	2.65	2.65
Maa- ja Vesitekniiikan Tuki r.y.	250,000	1.27	1.27
Mandatum Life Insurance Company Limited	239,711	1.22	1.22
Total .....	<u>19,644,764</u>	<u>100.00</u>	<u>100.00</u>

## Financial Information Concerning the Company's Assets and Liabilities, Financial Position and Profits and Losses

The following tables present selected consolidated financial information for Lemminkäinen as of and for the six months ended 30 June 2010 and 2009 and as of and for the years ended 31 December 2009 and 2008. The consolidated financial information presented below has been derived from the Issuers' unaudited consolidated interim reports as of and for the six months ended 30 June 2010 and 2009 and audited consolidated financial statements as of and for the years ended 31 December 2009 and 2008 and Lemminkäinen's comparative figures for 2009 prepared in accordance with IFRIC 15 stock exchange bulletin. Lemminkäinen's unaudited consolidated interim reports as of and for the six months ended 30 June 2010 and 2009 and the audited consolidated financial statements as of and for the financial years ended 31 December 2009 and 2008, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The interim financial reports have been prepared in accordance with "IAS 34 – Interim Financial Reporting" standard.

From 1 January 2009, Lemminkäinen has reported in accordance with "IAS 1 – Presentation of Financial Statements" its statement of comprehensive income as two statements. The information presented below for the periods before 1 January 2009 has been restated to correspond the new presentation, and thus is unaudited. When reading the below information it should be noted that from 1 January 2010, Lemminkäinen has applied "IFRIC 15 – Agreements for the Construction of Real Estate". The financial statements for the six month period ended 30 June 2009 and for the year 2009 have been restated to correspond the new presentation, and thus the information for the year ended 31 December 2009 is not directly comparable with the information for the year ended 2008. The adoption of IFRIC 15 affects especially the income recognition practice for own housing production, the basis of which changed on 1 January 2010 from percentage-of-completion to full completion and delivery.

The selected consolidated financial information provided herein should be read in conjunction with the Issuer's consolidated financial statements, the interim reports and Lemminkäinen's comparative figures for 2009 prepared in accordance with IFRIC 15 stock exchange bulletin incorporated by reference into this Prospectus. The selected financial information below does not contain all the information included in the Issuers' consolidated financial statements.

## Consolidated income statement

	For the six months ended 30 June		For the year ended 31 December	
	2010	2009	2009	2008
	(unaudited)	(unaudited)	(unaudited) <sup>1)</sup>	(audited)
<b>(EUR in millions, except for per share date)</b>				
Net sales .....	763.2	871.8 <sup>2)</sup>	1,965.5 <sup>3)</sup>	2,481.8
Operating income and expenses .....	-756.9	-836.7 <sup>2)</sup>	-1,909.6 <sup>3)</sup>	-2,325.0
Depreciation .....	14.3	14.2	34.3	34.9
Share of the results of associates .....	-0.4	0.0	1.5	1.2
<b>Operating profit/loss .....</b>	<b>-8.5</b>	<b>21.0<sup>2)</sup></b>	<b>23.2<sup>3)</sup></b>	<b>123.2</b>
Financial expenses .....	22.1	30.5	54.1	50.7
Financial income .....	11.7	11.4	20.7	18.5
<b>Result before taxes .....</b>	<b>-19.0</b>	<b>1.9</b>	<b>-10.2</b>	<b>91.0</b>
Income taxes .....	2.4	-2.2	-13.6	-27.5
<b>Result for the accounting period .....</b>	<b>-16.6</b>	<b>-0.3</b>	<b>-23.8</b>	<b>63.5</b>
Distribution of the result for the accounting period				
To shareholders of the parent company .....	-17.1	-1.5	-26.2	55.9
To minority interest .....	0.6	1.2	2.4	7.6
EPS calculated from result belonging to parent company shareholders, EUR				
Earnings per share, diluted and undiluted .....	-0.92	-0.09 <sup>2)</sup>	-1.54	3.28

<sup>1)</sup> Items restated in accordance with the adoption of IFRIC 15 are unaudited. Otherwise figures for the financial year 2009 are audited. The audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2009 are incorporated by reference into this Prospectus.

<sup>2)</sup> The adoption of IFRIC 15 reduced the net sales by EUR 9.8 million and increased the stock of finished goods and work in progress by EUR 9.3 million included in operating income and expenses for the six months period ended 30 June 2009, which had net effect of EUR 0.5 million decrease in the operating profit.

<sup>3)</sup> The adoption of IFRIC 15 increased the net sales by EUR 1.1 million and decreased the stock of finished goods and work in progress by EUR 1.2 million included in operating income and expenses for the year ended 31 December 2009, which had net effect of EUR 0.2 million decrease in the operating profit.

## Consolidated Statement of Comprehensive income

	For the six months ended 30 June		For the year ended 31 December	
	2010	2009	2009	2008
	(unaudited)	(unaudited)	(unaudited) <sup>1)</sup>	(unaudited)
<b>(EUR in millions)</b>				
<b>Result/loss for the accounting period .....</b>	<b>-16.6</b>	<b>-0.3</b>	<b>-23.8</b>	<b>63.5</b>
Translation difference .....	3.9	0.5	3.4	-6.4
Hedging of net investment in foreign subsidiary .....	-	-0.5	-0.4	1.6
Cash flow hedge .....	-0.1	-0.4	-0.2	-1.9
Change in fair value .....	0.1	-	-	-
<b>Other comprehensive income, total .....</b>	<b>3.9</b>	<b>-0.5</b>	<b>2.8</b>	<b>-6.7</b>
<b>Comprehensive income for the accounting period .....</b>	<b>-12.7</b>	<b>-0.8</b>	<b>-21.0</b>	<b>56.8</b>
Distribution of comprehensive income for the accounting period				
To shareholders of the parent company .....	-13.3	-2.0	-23.4	49.2
To minority interest .....	0.6	1.2	2.4	7.6

<sup>1)</sup> Items restated in accordance with the adoption of IFRIC 15 are unaudited. Otherwise figures for the financial year 2009 are audited. The audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2009 are incorporated by reference into this Prospectus.

## Consolidated Balance Sheet

	30 June		31 December	
	2010	2009	2009	2008
	(unaudited)	(unaudited)	(unaudited) <sup>1)</sup>	(audited)
(EUR in millions)				
<b>Non-current assets</b>				
Tangible assets .....	189.5	188.4	184.6	187.0
Goodwill .....	86.6	76.8	78.3	74.9
Other intangible assets .....	5.6	2.4	2.7	2.5
Investments .....	12.5	11.1	12.8	10.7
Deferred tax assets .....	21.4	16.4	14.3	7.2
Other non-current receivables .....	7.3	6.6	7.5	6.3
<b>Total .....</b>	<b>322.9</b>	<b>301.7</b>	<b>300.1</b>	<b>288.7</b>
<b>Current assets</b>				
Inventories .....	427.5	447.4 <sup>2)</sup>	374.7 <sup>2)</sup>	398.2
Trade and other receivables .....	397.2	504.3	305.1	476.3
Cash funds .....	39.0	110.0	74.4	250.1
<b>Total .....</b>	<b>863.7</b>	<b>1,062.7</b>	<b>754.3</b>	<b>1,124.7</b>
<b>Assets, total .....</b>	<b>1,186.6</b>	<b>1,364.4</b>	<b>1,054.4</b>	<b>1,413.3</b>
<b>Shareholders' equity and liabilities</b>				
Equity attributable to shareholders of the parent company				
Share capital .....	34.0	34.0	34.0	34.0
Share premium account .....	5.8	5.8	5.8	5.8
Hedging reserve .....	-2.0	-2.2	-2.0	-1.7
Fair value reserve .....	0.1	-	-	-
Invested unrestricted equity reserve .....	63.1	-	-	-
Translation differences .....	2.2	-4.8	-1.7	-4.7
Retained earnings .....	225.5	261.6	261.6	224.8
Profit/loss for the period .....	-17.1	-1.5	-26.2	55.9
Shareholders' equity before minority .....	311.5	292.9	271.5	314.0
Minority interest .....	7.7	23.0	23.2	27.8
<b>Shareholders equity, total .....</b>	<b>319.2</b>	<b>315.9</b>	<b>294.8</b>	<b>341.8</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities .....	15.9	16.5	19.0	18.7
Pension liabilities .....	0.5	0.2	0.7	0.2
Provisions .....	2.9	2.0	1.8	2.2
Financial liabilities .....	174.3	267.8	290.7	118.8
Other liabilities .....	2.1	2.4	2.4	1.3
<b>Total .....</b>	<b>195.7</b>	<b>288.8</b>	<b>314.6</b>	<b>141.2</b>
<b>Current liabilities</b>				
Accounts payable and other liabilities .....	390.6	463.7 <sup>3)</sup>	328.4 <sup>3)</sup>	455.6
Provisions .....	6.9	7.5	8.3	7.1
Financial liabilities .....	274.1	288.4	108.4	467.7
<b>Total .....</b>	<b>671.6</b>	<b>759.6</b>	<b>445.0</b>	<b>930.4</b>
<b>Shareholders' equity and liabilities, total .....</b>	<b>1,186.6</b>	<b>1,364.4</b>	<b>1,054.4</b>	<b>1,413.3</b>

<sup>1)</sup> Items restated in accordance with the adoption of IFRIC 15 are unaudited. Otherwise figures for the financial year 2009 are audited. The audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2009 are incorporated by reference into this Prospectus.

<sup>2)</sup> The adoption of IFRIC 15 increased inventories by EUR 29.7 million as at 30 June 2009 and by EUR 19.3 million as at 31 December 2009.

<sup>3)</sup> The adoption of IFRIC 15 increased accounts payable and other liabilities by EUR 35.7 million as at 30 June 2009 and by EUR 25.0 million as at 31 December 2009.

## Consolidated Statement of Cash Flows

	For the six months ended 30 June		For the year ended 31 December	
	2010	2009	2009	2008
	(unaudited)	(unaudited)	(audited)	(audited)
	(EUR in millions)			
Cash flow from business operations.....	-96.9	-70.6	64.2	24.6
Cash flow used in investing activities .....	-14.6	-16.3	-18.5	-27.9
Cash flow from financing activities.....	77.3	-50.3	-220.2	177.3

## Certain key figures

	For the six months ended 30 June		For the year ended 31 December	
	2010	2009	2009	2008
	(unaudited)	(unaudited)	(unaudited) <sup>1)</sup>	(audited)
Return on equity, % .....	-5.4	-0.1	-7.5	19.2
Return on investment, % .....	0.4	3.6	5.4	17.7
Operating profit, % of net sales .....	-1.1	2.4	1.2	5.0
Equity ratio, % .....	30.2	26.0	31.0	26.2
Gearing, % .....	128.3	140.9	110.2	98.4
Interest-bearing net debt, EUR million .....	409.5	445.2	324.7	336.4
Gross investments, EUR million (incl. leasing purchases)	33.8	19.4	41.5	60.2
Order book, EUR million.....	1,430.2	1,249.5	1,064.5	1,064.5
- of which foreign orders, EUR million.....	338.6	374.1	224.4	263.1
Average number of employees .....	7,966	8,543	8,626	9,776
Employees at end of period.....	9,302	9,589	7,759	8,910
Net sales, EUR million.....	763.2	871.8	1,965.5	2,481.8
- of which operations outside Finland, EUR million.....	218.1	218.1	527.6	676.7
% of net sales .....	28.6	25.0	26.8	27.3
Earnings per share, EUR .....	-0.92	-0.09	-1.54	3.28
Equity per share, EUR.....	15.86	17.21	15.95	18.45
Market capitalisation, EUR million.....	467.5	323.7	411.9	222.1
Share price at the end of period, EUR .....	23.80	19.02	24.20	13.05
Trading volume during period, 1000 shares .....	2,451	884	1,918	3,185
Number of issued shares, 1000 shares.....	19,645	17,021	17,021	17,021
Weighted average number of shares over the period, 1000 shares.....	18,588	17,021	17,021	17,021

<sup>1)</sup> Items restated in accordance with the adoption of IFRIC 15 are unaudited. Otherwise figures for the financial year 2009 are audited. The audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2009 are incorporated by reference into this Prospectus.

Please see definitions of key financial figures in Annual Report 2009 page 141 and 143.

## FINNISH TAXATION

*The following summary is based on the tax laws of Finland as in effect on the date of this Prospectus, and is subject to changes in Finnish law, including changes that could have a retroactive effect. The following summary is not exhaustive and does not take into account or discuss the tax laws of any country other than Finland. Prospective investors are advised to consult their own professional tax advisors as to the tax consequences relating to investment in the Notes.*

Paying interest on the Notes by the Company is subject to advance tax withholding in accordance with the Finnish tax laws and regulations. The advance tax withheld by the Company is credited against the final tax payable by the recipient of interest paid on the Notes.

If the recipient of interest paid on the Notes is a resident natural person, such interest is subject to advance withholding tax in accordance with the Finnish Withholding Tax Act (*Ennakkoperintälaki 1118/1996, as amended*) and final taxation as capital income in accordance with the Finnish Income Tax Act (*Tuloverolaki 1535/1992, as amended*). The current withholding tax rate is 28 percent. The Act on Source Tax on Interest Income (*Laki korkotulon lähdeverosta 1341/1990, as amended*) is not applicable to the Notes.

If Notes are disposed of during the loan period, any capital gain as well as accrued interest received (secondary market compensation) is taxed as capital income. Capital gains are currently taxed at a flat rate of 28 percent. The Issuer or a securities dealer shall deduct an advance withholding tax from the secondary market compensation paid to a resident natural person.

A capital loss is deductible from the resident natural person's capital gains arising in the same year and during the following three calendar years. If Notes are acquired in the secondary market, any accrued interest paid (secondary market compensation) is deductible from the capital income or, to the extent exceeding capital income, from earned income subject to the limitations of the Income Tax Act.

The Company and the securities dealer will furnish information on secondary market compensations paid and received to the Finnish tax authorities. Eventual capital gains or losses shall be reported in the annual tax return.

Interest paid to Finnish corporate entities (other than non-profit associations) and to Finnish partnerships is deemed to be taxable income of the recipient of interest.

## ADDITIONAL INFORMATION

### No Significant Change in the Company's Financial or Trading Position

There has been no significant change in the financial or trading position of the Company and Lemminkäinen Group since 5 August 2010, which is the date of its last published unaudited interim report.

Save as disclosed in this Prospectus, including but not limited to the Stock Exchange Bulletin 15 October 2010, since 31 December 2009, the last day of the financial period in respect of which the most recently audited financial statements of the Company have been prepared, there has been no material adverse change in the prospects of the Company or of the Company and its subsidiaries taken as a whole.

### Outlook for 2010

The Company has on 15 October 2010 published the following stock exchange bulletin in which it reduces its full-year guidance:

"Lemminkäinen reduces its full-year profitability guidance given in August in connection with the January-June interim review. Full year 2010 pre-tax profit is estimated to be positive but below the 2009 profitability level. The comparative figures do not include the infringement fine imposed by SAC. The 2010 net sales are estimated to be at the 2009 level. Earlier Lemminkäinen estimated that pre-tax profit for 2010 will be at the 2009 level.

Despite the good season in Finland, the infrastructure construction business will not be able to compensate the weak result caused by the severe winter. In all Baltic countries the overall volumes of infrastructure construction have dropped, and due to the harsh competition, the profitability is poor. In building construction, increased cost levels and poorer than estimated end-user demand for commercial and office buildings have decreased the margins in Finland. In addition, the income recognition of a few building construction projects has been delayed till 2011. In technical building services and building products businesses, the competitive situation has remained challenging, which has weakened their profitability.

In line with its strategy, Lemminkäinen continues its profitability improvement program. The Infrastructure construction business sector is improving its operating efficiency and decreasing its cost structure, especially in the Baltic countries. The Building construction business sector has initiated measures to improve the efficiency of project management. Lemminkäinen further seeks cost-efficiency by unifying its operating methods, improving its procurement practices and streamlining its structure. In Finland, Lemminkäinen commenced last week statutory co-determination negotiations concerning an estimated reduction of 100 employees. The decision is a part of Lemminkäinen's initiative to adopt a more centralized and efficient operating model for its internal support services.

Lemminkäinen estimates that in 2011 its net sales will increase and pre-tax profit will clearly improve on 2010. The estimate is based on the initiated profitability improvement program, improved order book and on the expectation that the overall market situation will remain stable. Lemminkäinen's order book in the end of September 2010 was EUR 1,230 million, i.e. 12 percent higher than in the end of September 2009."

### Investments in 2010

Gross investments made during 2010 amount to EUR 33.8 million. The investments have been mainly replacement investments for infrastructure construction, but also included two business acquisitions. In Norway Lemminkäinen acquired a 75% majority stake in Asfalt Remix AS, a Norwegian company specialising in the cold milling of asphalt pavement, which generated net sales of EUR 8 million in 2009. Lemminkäinen also acquired a 90.1% stake in Risa Rock AS, a tunnel excavation company operating throughout Norway, which generated net sales of EUR 16 million in 2009.

### Legal Proceedings

Other than as set forth below, there are no governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Company is aware) which may have or may have had in the past 12 months a significant effect on the financial position or profitability of the Company or its subsidiaries, as a whole, nor is the Company aware of any such proceedings being threatened.

In 2009 the Supreme Administrative Court ("SAC") fined a number of Finnish asphalt industry companies for violations of the Act on Competition Restrictions.

At present, 26 municipalities and the Finnish Road Administration have brought actions for the recovery of damages from Lemminkäinen and other asphalt companies in the District Court of Helsinki. The claimants contend that restrictions of competition have caused them damages. The capital amount of the claims presented against Lemminkäinen

is at present about EUR 73 million. The claims presented in the statements of claim differ from each other as regards their amounts and grounds.

The decision rendered by the SAC in 2009 as it stands does not mean that Lemminkäinen or the other asphalt industry companies actually caused the parties ordering asphalt works any damages. The SAC's decision does not concern the individual contracts that the claimants are citing in support of their claims. Neither does the decision concern the pricing of individual contracts, nor has the SAC considered the claim that pricing deviating from the market price had been used in the contracts.

Lemminkäinen's initial position is that the claims are without foundation. The claims will be brought separately before the District Court of Helsinki and heard in the order determined by the court. It is likely that district court proceedings will continue into 2011. No provision for future expense has been made in respect of the statements of claims submitted so far to the district court by the municipalities and the Finnish Road Administration.

### **Documents on Display**

For as long as any of the Notes are outstanding, the Articles of Association, extract from trade register, the interim report as of and for the six months ended 30 June 2010 and the annual consolidated financial statements as of and for the years ended 31 December 2008 and 2009 of the Company are available for viewing at the head office of the Company, address Salmisaarenaukio 2, FI-00180 Helsinki.

### **Listing and Trading of the Notes**

Application will be made for the listing of the Notes on the Helsinki Stock Exchange. The listing of the Notes is expected to begin during November 2010.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents have been incorporated by reference into this Prospectus according to the European Commission Regulation 809/2004 Article 28 and they form a part of the financial information of Lemminkäinen. The documents incorporated by reference are available at Lemminkäinen's website at [www.lemminkainen.com](http://www.lemminkainen.com) and at the registered office of Lemminkäinen located at Salmisaarenaukio 2, FI-00180, Helsinki, Finland, on weekdays during normal business hours.

<b>Information</b>	<b>Source</b>
Unaudited consolidated interim report of Lemminkäinen as of and for the six months ended 30 June 2010 .....	Interim Report January-June 2010 pages 4 to 28
Audited consolidated financial statements of Lemminkäinen as of and for the year ended 31 December 2009 .....	Annual Report 2009 pages 69 to 144
Auditor's report for Lemminkäinen as of and for the year ended 31 December 2009 .....	Annual Report 2009 page 145
Audited consolidated financial statements of Lemminkäinen as of and for the year ended 31 December 2008 .....	Financial Statements 2008 pages 2 to 71
Auditor's report for Lemminkäinen as of and for the year ended 31 December 2008 .....	Financial Statements 2008 page 72
Comparative figures prepared in accordance with IFRIC 15 .....	Stock Exchange Bulletin 9 April 2010 pages 1 to 22