Final Terms dated 19 March 2013
AS Latvenergo
Issue of EUR 20,000,000 Notes due 15 December 2017,
issued under the LVL 50,000,000 (or equivalent in EUR)
Programme,
and
to be consolidated and form a single series with the EUR 20,000,000 2.8 per cent. Notes due 15 December 2017 issued on 19 December 2012 and the EUR 30,000,000 2.8 per cent. Notes due 15 December 2017 issued on 30 January 2013

These Final Terms together with the General Terms and Conditions of the LVL 50,000,000 (or equivalent in EUR) Programme of AS Latvenergo, as set forth in the Base Prospectus of the Programme dated 23 November 2012, as supplemented by Supplement No.1, dated 12 March 2013, constitutes the Final Terms of the Series of Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus.

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. However, a summary of the issue of the Notes is annexed to these Final Terms.

The Base Prospectus has been published on the Issuer's website www.latvenergo.lv.

1.	Issuer:	AS Latvenergo
2.	Serial number of Series of Notes:	1
3.	ISIN Code:	Temporary ISIN Code: LV0020801096. Upon admission of the Notes to the regulated market the Notes will be consolidated and form a single series with the EUR 20,000,000 2.8 per cent. Notes due 15 December 2017 issued on 19 December 2012 and the EUR 30,000,000 2.8 per cent. Notes due 15 December 2017 issued on 30 January 2013 and will have a common ISIN code LV0000801090.
4.	Aggregate principal amount:	EUR 20,000,000 in addition to the EUR 20,000,000 Notes issued on 19 December 2012 and the EUR 30,000,000 issued on 30 January 2013
5.	Currency of the Notes:	EUR
6.	Nominal amount of the Note:	EUR 1,000
7.	Issue Date:	27 March 2013
8.	Interest Payment Date:	15 December each year
9.	Maturity Date:	15 December 2017
10.	Minimum Investment Amount:	EUR 100,000
11.	Yield to Maturity Range*:	from SW** +1,75% to SW** +2,05%
12.	Placement Period:	21 March 2013 from 9.00 a.m. to 5.00 p.m. Riga time

13. Procedure of submission of the Purchase Orders:

All investors that are submitting the Purchase Orders to the Issuing Agent (AS SEB banka) or the Sub-agents (AB SEB bankas or AS SEB Pank), have to be investment services clients of the Issuing Agent or the Sub-agent respectively, otherwise the investors can submit the Purchase Orders through the credit institutions and investment brokerage firms or other financial intermediaries from which the investors receive investment services. Credit institutions, investment brokerage firms and other financial intermediaries should aggregate the Purchase Orders received from the investors into one Purchase Order if all order parameters (except the purchase amount) are the same.

Latvian and foreign investors

The Latvian and foreign (except Lithuanian and Estonian) institutional investors, who are treated by the Issuing Agent as eligible counterparties, wishing to purchase the Notes shall submit their Purchase Orders to the Issuing Agent at any time during the Placement Period through Bloomberg or Reuters trading system and till the end of the Placement Period shall confirm them by submitting the signed Purchase Orders by e-mail: trading@seb.lv. The investors who have a valid agreement with the Issuing Agent that prescribes procedure for submission of orders in relation to transactions with financial instruments, identification and authentication of the investor by taped phone shall submit Purchase Orders by taped phone (number +371 67215622 or +371 67215620) and till the end of the Placement Period shall confirm them by submitting the signed Purchase Orders by e-mail: trading@seb.lv.

Purchase Order shall not be considered valid and shall not be processed in case of any discrepancies between the information in the Purchase Order submitted through Bloomberg or Reuters trading system or taped phone and information in the Purchase Order afterwards submitted by e-mail.

All other investors shall submit their Purchase Orders during the Placement Period at the office of Private Banking Department of the Issuing Agent at Vaļņu 11, Riga, Latvia.

Lithuanian investors

The Lithuanian institutional investors, who are treated by AB SEB bankas as eligible counterparties, wishing to purchase the Notes shall submit their Purchase Orders to AB SEB bankas at any time during the Placement Period through Bloomberg or Reuters trading system and till the end of the Placement Period shall confirm them by submitting the signed Purchase Orders by e-mail: paulius.vazys@seb.lt.

Purchase Order shall not be considered valid and shall not be processed in case of any discrepancies between the information in the Purchase Order submitted through Bloomberg or Reuters trading system and information in the Purchase Order afterwards submitted by e-mail.

All other investors shall submit their Purchase Orders during the Placement Period at the office of Private Banking Department of AB SEB bankas at Olimpiečių 1, Vilnius, Lithuania.

Estonian investors

The Estonian institutional investors, who are treated by AS SEB Pank as eligible counterparties, wishing to purchase the Notes shall submit their Purchase Orders to AS SEB Pank at any time during the Placement Period through Bloomberg or Reuters trading system or taped telephone (number +372 6657782) and till the end of the Placement Period shall confirm them by submitting the signed Purchase Orders by e-mail: kert.koppel@seb.ee.

Purchase Order shall not be considered valid and shall not be processed in case of any discrepancies between the information in the Purchase Order submitted through Bloomberg or Reuters trading system or taped telephone and information in the Purchase Order afterwards submitted by e-mail.

All other investors shall submit their Purchase Orders during the Placement Period in at the office of Private Banking Department of AS SEB Pank at Tornimäe 2, Tallinn, Estonia.

14. Formula for calculation of the Issue Price:

The Issue Price of the Notes will be established by the Issuer according to the following formula:

$P = \frac{C_1}{(1+Y)^{\frac{t}{T}}} + \frac{C_2}{(1+Y)^{(\frac{t}{T}+1)}} + ... + \frac{C_n + N}{(1+Y)^{(\frac{t}{T}+n-1)}}$	P – Issue price; C_1 – First interest payment (coupon); C_2 – Second interest payment (coupon); C_n – Last interest payment (coupon); N – Nominal amount of the Note; Y – Final Yield to Maturity; t - Number of days in the first interest payment (coupon) period (i.e. 361 days); T - Actual number of days in a year in which the first interest payment (coupon) date falls (i.e. 365 days); n – Number of years (rounded to

	the nearest whole number).

Where,

$C_1 = C_r \times \frac{t}{T}$	C_1 – First interest payment (coupon); C_r – Regular interest payment (coupon); t - Number of days in the first interest payment (coupon) period (i.e. 361 days); T - Actual number of days in a year in which the first interest payment (coupon) date falls (i.e. 365 days).

The Notes to be consolidated and form a single series with the EUR 20,000,000 notes issued on 19 December 2012 and the EUR 30,000,000 issued on 30 January 2013 and bear the same Annual Interest Rate i.e. 2.8 per cent. The Issue Price of the Notes contains the interest accrued from 19 December 2012.

The Issue Price of the Notes established according to the formula above will be rounded to the nearest thousandth of the rounded digit under arithmetic rounding rules.

15. Indication of the material features of the agreement with the Issuing Agent, including the quotas:

The Issuer and the Issuing Agent have entered into the agreement, dated 6 December 2012 (the "**Agreement"**), according to which the Issuing Agent has undertaken upon request from the Issuer and on the terms and conditions stated in the agreement and the General Terms and Conditions of the Notes, offer the Notes on the capital market, as well as provide other services specified in the Agreement.

With respect to the activities to be undertaken by the Issuing Agent in accordance with the Agreement, the Issuing Agent may undertake these through the sub-agents – AB SEB Bankas in Lithuania and AS SEB Pank in Estonia.

The placing commissions are not applicable.

For the avoidance of doubt the issue of the Notes will not be underwritten.

The quotas are not applicable.

16. Sub-agents of the Issuing Agent:

AS SEB Pank, registration No. 10004252, Tornimäe 2, 15010 Tallinn, Estonia, a company organized and existing under the laws of the Republic of Estonia.

AB SEB bankas, registration No. 112021238, Gedimino ave. 12, LT-01103 Vilnius, Lithuania, a company organized and existing under the laws of the Republic of Lithuania.

17.	Categories of investors to whom the Notes will be offered	The Notes will be offered for all categories of institutional investors and retail investors.
18.	Procedure of allotment of Notes:	Allotment of the Notes will be subject to the following rule: for each Qualifying Purchase Order will be allotted an amount of Notes corresponding at least to the Minimum Investment Amount. The remaining amount of the Notes (the "**Remaining Amount**") will be calculated by subtracting the Minimum Investment Amount multiplied by the number of the Qualifying Purchase Orders from the total amount to be issued. The remaining Notes of the offering will be allotted to the Qualifying Purchase Orders in a proportion considering the Remaining Amount and unsatisfied demand of Notes in the Qualifying Purchase Orders. In case the number of the Qualifying Purchase Orders multiplied by the Minimum Investment Amount will exceed the total amount to be issued, the Minimum Investment Amount will be reduced proportionally.
19.	Rating:	The Notes to be issued are not rated.
20.	Information about the Notes issued under the Programme that are admitted to trading on regulated market:	At the date of approval of those Final Terms the following Notes issued under the Programme are already admitted to trading on regulated market: - EUR 20,000,000 2.8 per cent. Notes due 15 December 2017 issued on 19 December 2012; and - EUR 30,000,000 2.8 per cent. Notes due 15 December 2017 issued on 30 January 2013; Both issues of Notes are consolidated and form a single series with a common ISIN code LV0000801090. Regulated market: AS NASDAQ OMX Riga.

* The Issuer has a right to amend the Yield to Maturity Range during the Placement Period and announce the updated Yield to Maturity Range (the "Updated Yield to Maturity Range"). Updated Yield to Maturity Range will be published on the Issuer's website www.latvenergo.lv and will, if so agreed between the Issuer and the Issuing Agent, also be published on the Issuing Agent's website www.seb.lv. The Issuing Agent will for this purpose use reasonable endeavours to timely publish this information, but will not take any responsibility for the timeliness of the publishing.

Investors should follow the information on the aforementioned websites and have a right to modify or cancel their Purchase Orders if the Yield to Maturity Range has been updated, provided that such modification or cancellation of Purchase Order is received by the Issuing Agent before the end of the Placement Period.

** An interpolated interest rate swap will be derived from a four-year interest rate swap fixed at the end of the Placement Period (at 5 p.m. Riga time) according to the Bloomberg information system site EUSA4 and a five-year interest rate swap fixed at the end of the Placement Period (at 5 p.m. Riga time) according to the Bloomberg information system site EUSA5.

These Final Terms have been approved by the Management Board of the Issuer at its meeting on 19 March 2013.

Riga, 19 March 2013

Management Board of AS Latvenergo:

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Chairman of the Management Board (CEO)
Āris Žīgurs

____

Member of the Management Board (CFO)
Zane Kotāne

____

Member of the Management Board (CCO)
Uldis Bariss

____

Member of the Management Board (CAO)
Arnis Kurgs

____

Member of the Management Board (COO)
Māris Kuņickis

ANNEX – ISSUE SPECIFIC SUMMARY

This summary is made up of disclosure requirements known as "**Elements**". These Elements are numbered in Sections A-E (A.1-E.7). This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and the issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary together with a statement of that the Element is not applicable.

Section A - Introduction and warnings

A.1	This summary must be read as an introduction to the Base Prospectus and any decision to invest in the Notes should be based on a consideration of the Base Prospectus as a whole, including the documents attached to the Base Prospectus, and the Final Terms of the relevant Notes. Where a claim relating to the information contained in the Base Prospectus is brought before a court in a Member State, 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 Base Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus or it does not provide, when read together with the other parts of the Base Prospectus, key information in order to aid investors when considering whether to invest in such securities.

Section B - Issuer

B.1	**Legal and commercial name**	The Issuer's legal and commercial name is Akciju sabiedrība Latvenergo.
B.2	**The domicile and legal form of the issuer, the legislation under which the issuer operates and its country of incorporation**	The Issuer is a public limited company (*akciju sabiedrība*) incorporated pursuant to the laws of the Republic of Latvia on 8 October 1991. The Issuer is registered with the Commercial Register of the Republic of Latvia under the registration number 40003032949 and its registered address is Pulkveža Brieža 12, Riga, LV-1230, Latvia (telephone number +371 67 728 222). The Issuer operates according to the legislation of the Republic of Latvia. The main legal acts of the Republic of Latvia which regulate the operations of the Issuer are: - the Commercial Law (*Komerclikums*); - the Law on State and Municipality Capital Shares and Capital Companies (Likums "Par valsts un pašvaldību kapitāla daļām un kapitālsabiedrībām"); - the Energy Law (*Enerģētikas likums*); and - the Electricity Market Law (*Elektroenerģijas tirgus likums*).
B.4b	**A description of any known trends affecting the issuer and the industries in which it operates**	At the date of the Base Prospectus there are no information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's or the Group's prospects and the industries in which the Issuer or the Group operates in the financial year of 2012.
B.5, B14	**If the issuer is part of a group, a description of the group and the issuer's**	The Issuer is a parent company of the Group. As at the date of the Base Prospectus the Group includes the Issuer and its six subsidiaries:

position within the group If the issuer is dependent upon other entities within the group, this must be clearly stated

- three companies incorporated in Latvia: AS Latvijas elektriskie tīkli (100 per cent), AS Sadales tīkls (100 per cent), and SIA Liepājas enerģija (51 per cent);
- Elektrum Lietuva UAB (100 per cent) incorporated in Lithuania; and
- Elektrum Eesti OÜ (100 per cent) incorporated in Estonia. Elektrum Eesti OÜ is also the sole shareholder of SIA Elektrum Latvija.

The Issuer is also a shareholder in two associated companies:

- Nordic Energy Link AS (Estonia) (25 per cent); and
- AS Pirmais Slēgtais Pensiju Fonds (Latvia) (the Issuer's shareholding - 46.3 per cent (the Group's shareholding - 48.15 per cent)).

The Issuer has also a 0.005 per cent shareholding in the Latvian company AS Rīgas Siltums.

B.9 Where a profit forecast or estimate is made, state the figure

Not applicable. The Issuer has not made any profit forecast or profit estimate in the Base Prospectus.

B.10 A description of the nature of any qualifications in the audit report on the historical financial information

Not applicable. None of the audit reports on the Group's audited consolidated annual reports for the years ended 31 December 2010 and 2011 respectively includes any qualifications.

B.12 Selected historical key financial information regarding the issuer, presented for each financial year of the period covered by the historical financial information, and any subsequent interim financial period accompanied by comparative data from the same period in the prior financial year except that the requirement for comparative balance sheet information is satisfied by presenting the year end balance sheet information

A statement that there has been no material adverse change in the prospects of the issuer since the date of its last published audited financial

The following summary of the Group's consolidated financial performance and key performance indicators as of, and for each of the years ended, 31 December 2010, 2011 and 2012 and as of, and for each of the six month periods ended 30 June 2011 and 2012 has been extracted, without any adjustment, from the Group's consolidated financial statements in respect of those dates and periods.

		Year ended 31 December 2010	Year ended 31 December 2011	Year ended 31 December 2012	Six months ended 30 June 2011	Six months ended 30 June 2012
		Audited	*Audited*	*Unaudited*	*Unaudited*	*Unaudited*
Financial Highlights						
Revenue	LVL'000	567,386	681,767	751,038	350,782	389,174
Including electricity sales	LVL'000	470,663	583,428	574,576	295,448	298,772
Heat sales	LVL'000	71,863	69,233	90,548	40,736	51,675
EBITDA	LVL'000	207,240	180,582	180,787	122,793	112,439
EBITDA margin		37%	26%	24%	35%	29%
Operating profit	LVL'000	61,826	53,345	58,591	51,557	54,388
Operating margin		11%	8%	8%	15%	14%
Net profit	LVL'000	44,325	43,778	44,652	39,412	42,354
Net profit margin		8%	6%	6%	11%	11%
Return on assets (ROA)		2.2%	1.9%	1.9%	1.3%	2.0%
Return on equity (ROE)		4.0%	3.2%	3.2%	2.2%	3.5%
Non-current assets at the end of the period	LVL'000	1,942,231	2,026,594	2,178,999	1,962,428	2,082,771
Total assets at the end of the period	LVL'000	2,279,266	2,288,004	2,480,626	2,278,358	2,339,344
Total equity at the end of the period	LVL'000	1,344,748	1,351,576	1,419,421	1,351,606	1,350,248
Borrowings at the end of the period	LVL'000	545,607	513,334	595,233	529,338	550,781
Cash flows from operating activities	LVL'000	160,563	180,399	145,010	115,343	124,613
Capital expenditure	LVL'000	127,539	198,723	185,723	83,884	110,758
Net debt at the end of the period	LVL'000	311,342	404,458	424,808	347,284	400,526
Net debt/EBITDA ratio		1.5	2.2	2.3	1.6	2.2
Operating Highlights						
Retail electricity sales	GWh	7,620	8,980	8,287	4,589	4,307
Electricity produced in power plants	GWh	5,869	5,285	5,077	3,565	3,001
Total amount of purchased electricity	GWh	3,028	4,466	4,168	1,565	1,887
Including purchased electricity from independent producers	GWh	693	759	1,036	436	459
The rest amount of purchased electricity	GWh	2,335	3,707	3,132	1,129	1,428
Aggregate heat sales	GWh	2,928	2,524	2,669	1,572	1,570
Number of employees at the end		4,517	4,490	4,457	4,525	4,443

of the period					
Moody's credit rating of the Issuer	Baa3 (stable)	Baa3 (stable)	Baa3 (stable)	Baa3 (stable)	Baa3 (stable)

	statements or a description of any material adverse change	
	A description of significant changes in the financial or trading position subsequent to the period covered by the historical financial information	There has been no material adverse change in the prospects of the Issuer or the Group since the date of the audited consolidated annual report of the Group for 2011. There has been no material adverse change in the Issuer's or the Group's financial or trading position since 31 December 2012.
B.13	**A description of any recent events particular to the issuer which are to a material extent relevant to the evaluation of the issuer's solvency**	Not applicable. There have not been any recent material events that would be relevant for assessing solvency of the Issuer and the Group.
B.15	**A description of the issuer's principal activities**	The Group divides its operations into three main operating segments – generation and supply, distribution system services and management of transmission system assets. *The generation and supply business segment* comprises the Group's electricity and heat generation operations, which is organised into the legal entities: the Issuer and SIA Liepājas enerģija, as well as wholesale and retail electricity sales operations which are conducted Pan-Baltic by the Issuer and the Issuer's subsidiaries Elektrum Eesti OÜ and Elektrum Lietuva UAB. *The operations of the distribution system services business segment* relates to the provision of electricity distribution services in Latvia and are managed by the Issuer's subsidiary AS Sadales tīkls, the largest distribution system operator in Latvia. In 2011 distribution assets owned by the Issuer were invested in the equity of AS Sadales tīkls for the purpose of establishing the distribution system operator as required by the market liberalisation. The Issuer's subsidiary AS Latvijas elektriskie tīkli represents the third business segment – *management of transmission system assets* in Latvia. The Republic of Latvia has applied the second unbundling model under EU Directive 2009/72/EC, which provides that the electricity transmission system assets shall remain with a vertically integrated utility, while the activities of the transmission system operator are independently managed. The assets are leased to the transmission system operator.
B.16	**To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control.**	The Issuer is incorporated as a public limited company (*akciju sabiedrība*) under the laws of the Republic of Latvia. The Republic of Latvia is the sole shareholder of the Issuer. The Ministry of Economics of the Republic of Latvia holds all the shares in the Issuer on behalf of the Republic of Latvia.
B.17	**Credit ratings assigned to the issuer or its debt securities at the request or with co-operation of the issuer in rating**	The Issuer is rated Baa3 with a stable outlook by Moody's Investors Service. The rating and outlook was reaffirmed on March 2013. The Series of Notes issued under the Programme may also be rated or unrated. Such ratings will not necessarily be the same as the rating assigned to the Issuer. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to

	process	suspension, reduction or withdrawal at any time by the assigning rating agency. ***Issue specific summary:*** The Notes to be issued are not rated.

Section C - Securities

C.1	**A description of the type and the class of the securities being offered and/or admitted to trading, including any security identification number**	Unsecured Notes with an aggregate nominal value up to LVL 50,000,000 or its equivalent in EUR. The Notes are dematerialized debt securities in bearer form. The identification numbers (ISIN codes) for each Series of Notes will be provided in the Final Terms. ***Issue specific summary:*** Number of Series of Notes: 1 ISIN Code: Temporary ISIN Code: LV0020801096. Upon admission of the Notes to the regulated market the Notes will be consolidated and form a single series with the EUR 20,000,000 2.8 per cent. Notes due 15 December 2017 issued on 19 December 2012 and the EUR 30,000,000 2.8 per cent. Notes due 15 December 2017 issued on 30 January 2013 and will have a common ISIN code LV0000801090.
C.2	**Currency of the securities issue**	LVL or EUR. ***Issue specific summary:*** The currency of the Notes: EUR
C.5	**A description of any restrictions on the free transferability of the securities**	The Notes are freely transferable securities. However, the Notes cannot be offered, sold, resold, transferred or delivered in such countries or jurisdictions or otherwise in such circumstances in which it would be unlawful or require measures other than those required under Latvian laws, including the United States of America, Australia, Canada, Hong Kong and Japan.
C.8, C.9	**A description of the rights attached to the securities including** • **ranking** • **limitations to those rights** • **the nominal interest rate** • **the date from which interest becomes payable and the due dates for interest** • **where the rate is not fixed, description of the underlying on which it is based** • **maturity date and arrangements for the amortisation of the loan, including the**	**Ranking** The Notes constitute direct, unsecured and unguaranteed obligations of the Issuer, ranking *pari passu* without any preference among each other and with all unsecured, unguaranteed and unsubordinated indebtednesses of the Issuer, save for such obligations as may be preferred by mandatory provisions of the law. **Issue Price** The Notes may be issued at their nominal amount or at a discount or a premium to their nominal amount. **Interest rate** The Notes shall bear interest at fixed Annual Interest Rate. The interest on the Notes will be paid annually at the dates specified in the Final Terms of the relevant Series of Notes. Interest shall accrue for each interest period from and including the first day of the interest period to (but excluding) the last day of the interest period on the principal amount of Notes outstanding from time to time. The first interest period commences on the Issue Date and ends on the first Interest Payment Date. Each consecutive interest period begins on the previous Interest Payment Date and ends on the following Interest Payment Date. The last interest period ends on the Maturity Date. Interest in respect of the Notes will be calculated on the basis of the actual number of days elapsed in the relevant interest period divided by 365 (or, in the case of a leap

- repayment procedures
- an indication of yield
- name of representative of debt security holders

year, 366), i.e. a day count convention Act/Act (according to International Securities Market Association) will be used.

Issue specific summary:
Annual Interest Rate: 2.8 per cent.
Interest Payment Date: 15 December each year.

Indication of Yield
An expected Yield to Maturity Range for the Series of Notes being offered will be specified in the Final Terms of the respective Series of Notes. However, during the Placement Period of the respective Series of Notes the Issuer has a right to update the expected Yield to Maturity Range.

Determination of the Final Yield to Maturity and Issue Price
The Final Yield to Maturity will be determined after the Placement Period on the basis of submitted Purchase Orders of the investors. The Final Yield to Maturity shall be the same for all investors acquiring the Notes of the respective Series of Notes during the offering.

The Issue Price of the Notes will be established by the Issuer according to the formula provided in the Final Terms.

Issue specific summary:
Formula for calculation of the Issue Price:

$P = \frac{C_1}{(1+Y)^{\frac{t}{T}}} + \frac{C_2}{(1+Y)^{(\frac{t}{T}+1)}} + ... + \frac{C_n + N}{(1+Y)^{(\frac{t}{T}+n-1)}}$	P – Issue price; C_1 – First interest payment (coupon); C_2 – Second interest payment (coupon); C_n – Last interest payment (coupon); N – Nominal amount of the Note; Y – Final Yield to Maturity; t - Number of days in the first interest payment (coupon) period (i.e. 361 days); T - Actual number of days in a year in which the first interest payment (coupon) date falls (i.e. 365 days);. n – Number of years (rounded to the nearest whole number).

Where,

$C_1 = C_r \times \frac{t}{T}$	C_1 – First interest payment (coupon); C_r – Regular interest payment (coupon); t - Number of days in the first interest payment (coupon) period (i.e. 361 days); T - Actual number of days in a year in which the first interest payment (coupon) date falls (i.e. 365 days).

The Notes to be consolidated and form a single series with the EUR 20,000,000 notes issued on 19 December 2012 and the EUR 30,000,000 notes issued on 30 January 2013 and bear the same Annual Interest Rate i.e. 2.8 per cent. The Issue Price of the Notes contains the interest accrued from 19 December 2012.

The Issue Price of the Notes established according to the respective formula will be rounded to the nearest thousandth of the rounded digit under arithmetic rounding rules.

Information about the established Issue Price, the aggregate principal amount of the respective Series of Notes and definitive amount of the Notes to be issued will be published on the Issuer's website www.latvenergo.lv and will, if so agreed between the Issuer and the Issuing Agent, also be published on the Issuing Agent's website www.seb.lv, as well as submitted to the Financial and Capital Market Commission after allotment of the Notes to the investors.

Maturities

Each Series of Notes may have a maturity between 5 (five) and 7 (seven) years or such other maturity as the Issuer decides, but in any case not shorter than 12 (twelve) months.

Issue specific summary:

Maturity Date: 15 December 2017

Redemption

The Notes shall be repaid in full at their nominal amount at the Maturity Date. The Issuer does not have a right to redeem the Notes prior to the Maturity Date, unless the Issuer has prepaid the Notes in case of Change of Control or an Event of Default or in case the Noteholders' Meeting, upon proposal of the Issuer, has decided that the Notes shall be redeemed prior to the Maturity Date.

Representative of debt security holders

The rights of the Noteholders to establish and/or authorize an organization/person to represent interests of all or a part of the Noteholders are not contemplated, but on the other hand these are not restricted. The Noteholders should cover all costs/fees of such representative(s) by themselves.

C.10	**If the security has a derivative component in the interest payment, provide a clear and comprehensive explanation to help investors understand how the value of their investment is affected by the value of the underlying instrument(s), especially under the circumstances when the risks are most evident**	Not applicable. The Notes have no derivative component in the interest payment.
C.11	**Indication as to whether the securities offered are or will be the object of an application for admission to trading, with a view to their distribution in a regulated market or other equivalent markets with indication of the markets in question**	The Issuer will submit an application regarding inclusion of each Series of Notes in the official list of AS NASDAQ OMX Riga. An application will be prepared according to the requirements of AS NASDAQ OMX Riga and will be submitted to AS NASDAQ OMX Riga not later than 3 (three) months after the Issue Date of the respective Series of Notes.

Section D - Risks

D.2 **Key information on the key risks that are specific to the issuer**

Risks Related to Macroeconomic Conditions

- The ongoing market liberalization in Latvia, Lithuania and Estonia, further Group’s expansion into neighbouring energy markets creates growing exposures of the Group’s business and financial results to macroeconomic developments. Thus local, as well as global macroeconomic trends may have a material adverse effect on the Group’s business and financial position.

- Severe and long-term downturn in the economy would have an impact on the Group’s customers and may have a negative impact on the Group’s growth and results of operations through reduced electricity consumption, as well as limited funding availabilities.

Risks Related to Business Operations

- The sole shareholder of the Issuer is the Republic of Latvia. Thus, certain and substantial shareholder’s decisions alternating the Group’s strategic orientation or decisions in respect of dividend policy, capital structure and other material issues could have a material adverse effect on the Group.

- The Group’s revenues in regulated electricity and heat markets are highly dependable on tariffs approved by the regulator, as well as on applicable legislative norms for the methodology thereof. There are risks that not all costs will be covered by such approved tariffs, as well as that changes in local or EU legislative environment governing relevant regulatory matters may have an adverse effect on the Group.

- The delay or suspension of the currently ongoing electricity market liberalization in Latvia may have material adverse effect on the Group. Besides, the market opening is expected to create more competitive environment and the new market entrants, which may reduce the Group’s market share, as well as may affect the pricing policy and the Group’s business and financial position.

- The Group’s expansion in the markets of other Baltic States may be affected by delays in market liberalization processes, as well as the Group may not be able to obtain the expected market share there.

- The Group’s electricity generation portfolio does not meet the needs of the electricity supply portfolio, thus throughout the year approximately two-thirds of the Group’s electricity supply to retail sector is subject to price volatility risks in the electricity wholesale market. There is a risk that availability of hedging instruments is limited due to low liquidity in the market or hedging does not provide the required efficiency.

- The Group’s core business operations are partially influenced by weather conditions. In addition, the heat demand is influenced by the competitive position in heat supply market. Due to this, the Group’s overall financial position may be influenced by seasonality, weather fluctuations, as well as long-term shifts in climate.

- The Issuer’s participation (which at this date is uncommitted) in Visaginas nuclear power plant project may expose the Issuer to certain risks in relation to the operation and decommissioning of nuclear facilities, the manipulation, treatment, disposal and storage of radioactive materials and the potential harmful effects on human health of such materials. Besides, the project would be capital intensive and may require significant investments and/or guarantees from the Group.

- Due to the fact that the electricity transmission system assets in Latvia are owned by the Group, but operated by a third party AS Augstsprieguma tīkls, there is a risk that the transmission system operator incorporates in the long-term plan less investment in the existing assets than would be required to maintain the assets, thus reducing their value and causing loss to the Group. In addition, since part of the investments is co-financed by the EU funds, in case of objections from the EU the Group may need to increase its financing share in the existing transmission system asset construction projects, which accordingly would reduce the available funds for other projects or could result in increased debt levels.

- In addition to aforementioned risks, the Group's business and financial position may be negatively affected by a counterparty risk, political and regulatory risk, asset damage risk, litigation and dispute risk, resource risk, execution of investment projects risk, distribution system investment risk, sovereign debt crisis risk, environmental damage, health and safety risk.

Financial Risks

- The Group is exposed to currency risk, as all Group's outstanding loans are denominated in euro currency, and the significant part of the expenses is in euro, but the main part of the Group's incomes is in lats. Although, lat is pegged to euro, any unfavourable fluctuations in lats/euro exchange rate or exchange rate policies in the future may have material adverse impact on the Group's operations, prospects and financial results.

- The violation of the financial covenants or certain other obligations and representations under the loan agreements, may lead to an event of default and acceleration of the loans. Due to the cross default clauses in loan agreements, the Issuer may need to refinance substantial part of its outstanding debt.

- A downgrade of the Issuer's credit rating may increase its costs of funding and/or reduce its access to funding and may require the Issuer to provide additional security for contracts which may increase the costs of transactions. Any adverse change in an applicable credit rating could also adversely affect the trading price of the Notes.

- In addition to aforementioned risks, the Group's business and financial position may be negatively affected by the interest rate risk and liquidity risk.

D.3 Key information on the key risks that are specific to the securities

- The Notes may not be a suitable investment for all investors. Thus, each potential investor in the Notes must assess the suitability of that investment in light of its own circumstances, including the effects on the value of such Notes and the impact this investment will have on its overall investment portfolio.

- The investors may forfeit the interest and principle amount invested, in case the Issuer becomes insolvent.

- The Notes will be unsecured obligations of the Issuer, without any additional guarantees and securities; in case of the Issuer's insolvency the Noteholders will become unsecured creditors.

- Due to the fact that in accordance with the Latvian laws certain key-assets of the Issuer can only be owned by the Issuer or its wholly-owned subsidiaries, claims will not be enforceable against such assets.

- Any adverse change in the financial condition or prospects of the Issuer may have a material adverse effect on the liquidity of the Notes, and may result in a material decline in their market price, and thus may affect prompt and full payment to the Noteholders.

- The Notes constitute a new issue of securities by the Issuer, thus it is possible that an active market for the Notes may not develop or may not be maintained, as well as it may be affected by the changes in market and economic conditions, financial conditions and prospects of the Issuer, which accordingly may have an impact on the liquidity and market price of the Notes.

- The Notes will bear interest at a fixed interest rate, which accordingly exposes a risk that a price of such security may be affected by the changes in the market interest rate. Also inflation may result in a decline of the market price of the Notes, as it decreases the purchasing power of a currency unit and respectively the received interest.

- The payments on the Notes will be made in LVL or EUR (depending on the currency of the respective Notes), accordingly the fluctuations in exchange rates and interest rates may adversely affect the value of the Notes, if the investor's financial activities are denominated principally in another currency unit. The government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect the applicable exchange rate. In addition, investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

- In case the Notes are rated by independent credit rating agencies, such ratings may not reflect the potential impact of all risks related to the Notes, as well as it may be revised or withdrawn by the rating agency at any time.

- The Notes are governed by the laws of the Republic of Latvia, as in force from time to time, which may change during the validity of the Notes, thus no assurance can be given as to the impact of any such possible change of laws or regulations. Hence, such changes may have a material adverse effect on the Issuer, as well as the Notes.

- The investment activities of certain investors are subject to legal investment laws and regulations, or reviews or regulations by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent the Notes are legal investment for the investor, use of the Notes as a collateral, as well as if there are no other restrictions applicable for the purchase or pledge of the Notes.

- The Notes do not contain covenants governing the Issuer's operations and do not limit its ability to merge, to sell the assets or otherwise effect significant transactions that may have a material adverse effect on the Notes and the Noteholders. Thus, in the event that the Issuer enters into such a transaction, Noteholders could be materially adversely affected. Furthermore, subject to the relevant amendments to the law, the current shareholder of the Issuer may dispose any or all of its shareholding.

- Only the shareholder of the Issuer has voting rights in the shareholders meetings of the Issuer. The Notes carry no such voting rights. Consequently, the Noteholders cannot influence any decisions by the Issuer's shareholders concerning, for instance, the capital structure of the Issuer.

- The decisions of the Noteholders Meeting (including amendments to the General Terms and Conditions of the Notes) will be binding to 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.

- The Issuer is not prohibited from issuing further debt. This, accordingly, may increase the number of claims that would be entitled to share rateably with the Noteholders in any proceeds distributed in connection with an insolvency of the Issuer. Further, any provision which confers, purports to confer, or waives a right to create security interest in favour of third parties, such as a negative pledge, is ineffective against third parties, thus such security interest in favour of a third party, even if created in breach of the Issuer`s obligations and undertakings herein, would be a valid and enforceable security interest over the pledged asset.

Section E - Offer

E.2b	**Reasons for the offer and use of proceeds when different from making profit and/or hedging certain risks**	The Group has established a capital expenditures programme in relation to the maintenance and renewal of the Group's generation, distribution and transmission network assets. The net proceeds from the issue of the Notes will be used by the Issuer for financing part of the capital expenditures programme, including but not limited to financing of renewal of transmission and distribution lines, reconstruction of transformer substations, investments in voltage quality improvement, as well as replacement of overhead lines with cable lines to improve the quality and reliability of electricity supply to customers and to reduce the network losses.
E.3	**A description of the terms and conditions of the offer**	**The Arranger of the Programme and Issuing Agent** The Arranger of the Programme and the Issuing Agent is AS SEB banka (registration number: 40003151743, legal address: Meistaru 1, Valdlauči, Ķekava parish, Ķekava region, LV-1076, Latvia). **Issue Date** The Issue Date will be specified in the Final Terms of the respective Series of Notes. ***Issue specific summary:*** Issue Date: 27 March 2013 **Aggregate principal amount** The aggregate principal amount of each Series of Notes shall be specified in the Final Terms. ***Issue specific summary:*** Aggregate principal amount: EUR 20,000,000 in addition to the EUR 20,000,000 Notes issued on 19 December 2012 and the EUR 30,000,000 Notes issued on 30 January 2013. **Nominal amount of the Note** The nominal amount of each Note shall be at least EUR 100, in case the Notes are issued in EUR, or at least LVL 100, in case the Notes are issued in LVL. ***Issue specific summary:*** Nominal amount of the Note: EUR 1,000 **Minimum Investment Amount** The Notes will be offered for subscription in a Minimum Investment Amount which will be specified in the Final Terms of the respective Series of Notes.

Issue specific summary:
Minimum Investment Amount: EUR 100,000

Placement Period
Placement Period for each Series of Notes will be specified in the Final Terms.

Issue specific summary:
Placement Period: 21 March 2013 from 9.00 a.m. to 5.00 p.m. Riga time

Covenants
Change of Control, Negative Pledge, Cross Default and others.

Depository
The Notes will be book-entered within AS Latvian Central Depository (*AS Latvijas Centrālais Depozitārijs*).

Applicable law
Latvian Law.

E.4	**A description of any interest that is material to the issue/offer including conflicting interests**	Save for the commissions to be paid to the Arranger of the Programme and the Issuing Agent, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the issue/offer, nor any conflicting interests.
E.7	**Estimated expenses charged to the investor by the issuer or offeror**	No expenses or taxes will be charged to the investors by the Issuer in respect to the issue of the Notes. However, the investors may be obliged to cover expenses which are related to the opening of the securities accounts with credit institutions or investment brokerage firms, as well as commissions which are charged by the credit institutions or investment brokerage firms in relation to the execution of the investor's purchase or selling orders of the Notes, the holding of the Notes or any other operations in relation to the Notes. Neither the Issuer, nor the Arranger of the Programme or the Issuing Agent will compensate the Noteholders for any such expenses.