

FINGRID GROUP'S INTERIM REPORT 1 JANUARY - 30 SEPTEMBER 2010**Review of operations**Power system operation

From July to September 2010, the electricity consumption in Finland totalled 18.5 terawatt hours (17.2 TWh during the corresponding period in 2009). A total of 15.0 TWh of electricity was transmitted in Fingrid's grid during the same period, representing 81 per cent of the electricity consumption in Finland. Between January and September, the electricity consumption in Finland totalled 63.1 TWh (58.3 TWh), up by 8.2 per cent on the corresponding period in 2009.

Electricity transmissions between Finland and Sweden were dominated by exports from Finland to Sweden in the early part of the year, while imports from Sweden to Finland were in a majority from July onwards. Between July and September, 1.5 TWh of electricity was imported from Sweden to Finland (1.2 TWh), and 0.4 TWh (0.4 TWh) was exported from Finland to Sweden. Between January and September, 2.1 TWh of electricity was imported from Sweden to Finland (2.2 TWh), and 4 TWh (2.8 TWh) was exported from Finland to Sweden.

Electricity transmissions between Finland and Estonia were dominated by imports to Finland in the early part of the year. Since July, the transmissions have been dominated by exports from Finland to Estonia. The volume of electricity imported from Estonia from July to September was 0.2 TWh (0.2 TWh), and 0.2 TWh (0 TWh) was exported from Finland to Estonia between July and September. The volume of electricity imported from Estonia from January to September was 1.4 TWh (1.1 TWh), and 0.2 TWh (0.1 TWh) was exported from Finland to Estonia.

The full import capacity from Russia was in use during the review period. The annual maintenance of the direct current connection restricted the import capacity from Russia in July. Electricity imports from Russia to Finland between July and September were 2.3 TWh (2.5 TWh), and between January and September 8.3 TWh (8.6 TWh).

A report of the impact of increasing wind power capacity on the operation of the Nordic power system was completed in early September. The report states that an increase in the Nordic wind power capacity from the present level of approx. 5,000 megawatts to about 15,000-20,000 megawatts by 2020 can be controlled. However, wind power will call for various measures safeguarding the system security of the power system. The TSOs have made preparations for these measures.

The high-voltage transmission grid in Finland survived the summer storms with little damage. The Asta storm, which affected distribution networks in particular, caused tree faults on one Fingrid's 110 kilovolt transmission line in South-Eastern Finland. A powerful storm caused blackouts of a few hours on Fingrid's 110 kilovolt transmission lines in Häme in early August. Gas turbines had to be started after the Loviisa nuclear power plant had disconnected from the grid on 12 July. At the same time, electricity was

imported from Sweden at the full volume. In mid-August, there were voltage drops in the grid in South-Western Finland, caused by connections made at a customer's power plant.

Power system operation	1-9/10	1-9/09	7-9/10	7-9/09
Electricity consumption in Finland TWh	63.1	58.3	18.5	17.2
Fingrid's transmission volume TWh	49.8	45.6	15.0	13.9
Fingrid's loss energy volume TWh	0.9	0.7	0.2	0.2
Electricity transmissions				
Finland-Sweden				
exports to Sweden TWh	4.0	2.8	0.4	0.4
imports from Sweden TWh	2.1	2.2	1.5	1.2
Electricity transmissions				
Finland-Estonia				
exports to Estonia TWh	0.2	0.1	0.2	0.0
imports from Estonia TWh	1.4	1.1	0.2	0.2
Electricity transmissions				
Finland-Russia				
imports from Russia TWh	8.3	8.6	2.3	2.5

Promotion of electricity market

The average price (system price) in Nord Pool's spot market between July and September 2010 was 45.90 euros per megawatt hour (31.30 €/MWh during the corresponding period in 2009), and the area price for Finland was 47.70 €/MWh (35.60 €/MWh). Between January and September, the average price in Nord Pool's spot market was 50.20 €/MWh (34.50 €/MWh), and the area price for Finland was 53.70 €/MWh (36.00 €/MWh).

Between January and September 2010, congestions in the transmission grid on the border between Finland and Sweden restricted electricity trade for 7.2 per cent of the time (5.1 per cent). Especially in the spring, there were situations where the transmission capacity from Finland to Sweden was inadequate. The congestions diminished in the late summer. Congestions in the transmission grid restricted electricity trade on the border between Finland and Estonia for 44.0 per cent of the time between April and September.

The congestion income on the border between Finland and Sweden, resulting from transmission congestions, totalled 7.9 million euros (0.9 million euros) between January and September. From April to September, the congestion income caused by transmission congestions on the border between Finland and Estonia totalled 6.5 million euros. Fingrid's portion of the congestion income between Finland and Estonia was 3.3 million euros, which Fingrid has paid in grid rent to the owners of the transmission connection.

The Nordic congestion income between January and September was 160.0 million euros (54.4 million euros). Most of the Nordic congestion income was created on the borders between the bidding areas of Southern Norway and Denmark.

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Fingrid's counter trade costs from January to September were approx. 0.1 million euros (0.6 million euros).

The full electricity transmission capacity of the Estlink 1 submarine cable between Finland and Estonia was made available to the Elspot market of the Nordic electricity exchange from 20 September 2010. Fingrid and the Estonian transmission system operator Elering rented 250 megawatts of the transmission capacity of the Estlink 1 connection in the spring, and also the remaining capacity of 100 megawatts. In other words, a total of 350 megawatts of transmission capacity between Estonia and Finland is now available to the electricity market. Moreover, Fingrid has made a capital investment decision on the construction of EstLink 2, the second direct current transmission link between Estonia and Finland. The capacity of the planned transmission link is 650 megawatts and the costs of the project total approx. 320 million euros.

Electricity market	1-9/10	1-9/09	7-9/10	7-9/09
Nord Pool system price, average €/MWh	50.2	34.5	45.9	31.3
Area price Finland, average €/MWh	53.7	36.0	47.7	35.6
Congestion income in the Nordic countries million €	160.0	54.4	16.7	36.2
Congestion income between Finland and Sweden million €	7.9	0.9	2.2	0.4
Congestion hours between Finland and Sweden %	7.2	5.1	1.1	3.7
Fingrid's share of the congestion income in the Nordic countries million €	7.9	3.7	1.3	2.4
Congestion income between Finland and Estonia	6.5	-	3.4	-
Congestion hours between Finland and Estonia %	44.4	-	24.9	-
Fingrid's share of the congestion income between Finland and Estonia*	3.3	-	1.7	-

* has been paid in grid rent to the owners of the transmission connection

Capital expenditure and grid maintenance

The Group's gross capital expenditure between July and September was 24 million euros (35 million euros during the corresponding period in 2009). Gross capital expenditure between January and September totalled 87 million euros (88 million euros).

Fingrid is making significant capital investments in the grid in Finland and in cross-border connections in 2010. The renovation project of the Hikiä-Vanaja 110 kilovolt transmission line and a new 110 kV substation in Tampere at Multisilta were completed in the autumn.

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At the end of September, Fingrid confirmed the construction of the EstLink 2 submarine cable between Finland and Estonia within an expedited schedule. In the spring, Fingrid announced that the building of the submarine cable is subject to the functioning of the Estonian electricity market and the subsidy of 100 million euros from the European Union for the project. Both of these conditions have been met, and the submarine cable of 320 million euros will be built in co-operation with the Estonian transmission system operator Elering. The new transmission link will raise the total electricity transmission capacity between the two countries to approx. 1,000 megawatts. The goal is that the new link will be brought to commercial operation at the beginning of 2014.

In July, the Finnish Government granted a land expropriation permit for the electricity transmission connection between Ylikkälä in Lappeenranta and Huutokoski in Joroinen in Eastern Finland. The new 400 kilovolt connection will be built parallel with existing power lines to increase the transmission capacity in South-Eastern Finland. The main contracts for the project were subjected to competitive bidding in the autumn, and the procurement decisions concerning the transmission line purchases and the Ylikkälä substation have been made. The transmission line is due to be ready in the spring of 2013.

Moreover, Fingrid has made the procurement decision concerning the supply of conductors for the transmission line projects of 2011 to 2012.

Other current affairs

In early September, Fingrid signed a contract with YIT Rakennus Oy concerning the building of Fingrid's new headquarters in Käpylä in Helsinki. Fingrid's facilities will cover about a half of the new building, the total area of which is 14,000 m². The office building will be completed for Fingrid at the end of October 2012.

Financial result

The Group's revenue from July to September was 86 million euros (71 million euros). The sales of balance power were 32 million euros (18 million euros during the corresponding period in 2009) and purchases of balance power 26 million euros (18 million euros). The IFRS profit/loss before taxes was 2 million euros (- 6 million euros) between July and September.

The Group's revenue was 318 million euros (255 million euros) between January and September. The other operating income was 3 million euros (1 million euros).

Grid revenue grew from the previous year as a result of increased electricity consumption in the early part of 2010 and the 4.5 per cent raise in the grid tariff at the beginning of the year, to 147 million euros (131 million euros). Cross-border transmission income remained at the same level as in the previous year. Due to the high Nordic congestion income in the early part of the year, Fingrid's congestion income grew by approx. 4 million euros on the previous year. The sales of balance power were 111 million euros (66 million euros) and purchases 96 million euros (61 million euros).

The high transmission losses in the Finnish grid in the early part of 2010 together with the high area price of electricity for Finland raised Fingrid's loss energy costs by 10 million euros on the previous year. Both the maintenance management costs of the grid and the costs of the power system reserves were slightly higher than in 2009. Moreover, higher

capital investments raised the amount of depreciation. Fingrid's portion of the European inter-TSO compensations decreased slightly. The costs of the peak load reserve system and of the feed-in tariff for peat remained at the same level as in 2009.

Revenue and other operating income	1-9/10	1-9/09	7-9/10	7-9/09
Grid service revenue	147.3	130.7	35.8	32.2
Sales of balance power	110.8	66.4	31.7	18.3
Cross-border transmission	17.6	18.0	5.3	5.4
Nordic congestion income	7.9	3.7	1.3	2.4
Peak load reserve	11.5	9.4	3.4	3.0
ITC income	14.5	21.9	4.8	7.8
Feed-in tariff for peat	0.7	0.3	0.3	0.1
Other revenue	8.0	4.2	3.0	1.6
Other operating income	2.6	1.5	0.5	0.5
Revenue and other income total	320.9	255.9	86.1	71.3
Costs	1-9/10	1-9/09	7-9/10	7-9/09
Purchase of balance power	96.2	60.8	26.2	17.5
Purchase of loss energy	46.7	36.7	12.0	11.4
Depreciation	49.9	48.2	16.6	15.9
Reserves	16.0	15.7	5.2	5.9
Peak load reserve	9.6	9.9	3.1	3.1
Personnel	14.1	14.1	4.0	3.9
Maintenance management	12.8	12.3	3.7	4.7
ITC charges	7.4	11.9	3.0	3.4
Feed-in tariff for peat	0.6	0.2	0.2	0.1
Other costs	17.9	13.6	6.8	4.3
Costs total	271.2	223.4	80.8	70.0

The operating profit between January and September was 51 million euros (35 million euros), which contains 2 million euros (2 million euros) of positive change in the fair value of electricity derivatives. The profit before taxes was 42 million euros (20 million euros), and the total comprehensive income was 39 million euros (11 million euros). The equity ratio was 28.3 per cent (26.4 per cent) at the end of the review period.

The Group's income flow is characterised by seasonal fluctuations, which is why the financial result for the entire year cannot be directly estimated on the basis of the nine-month result.

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Financing

The financial position of the Group continued to be satisfactory. The net financial costs of the Group between July and September were 2 million euros (-6 million euros). The net financial costs between January and September were -10 million euros (-15 million euros). Financial assets recognised at fair value in the income statement, and cash and cash equivalents amounted to 202 million euros (204 million euros) at 30 September 2010. The interest-bearing liabilities, including derivative liabilities, totalled 1,041 million euros (977 million euros), of which 697 million euros (627 million euros) were long-term and 344 million euros (350 million euros) were short-term.

The counterparty risk involved in the derivative contracts relating to financing was 51 million euros. The company has an undrawn revolving credit facility of 250 million euros.

Two international rating agencies updated Fingrid Oyj's credit ratings during the review period. On 9 August, Fitch Ratings downgraded Fingrid's long-term Issuer Default Rating (IDR) to 'A+'. Fitch Ratings assigned Fingrid's senior unsecured debt the rating 'AA-'. Fingrid's short-term IDR was downgraded to 'F1'. The company's outlook was rated as negative.

Standard & Poor's Rating Services (S&P) updated Fingrid Oyj's credit ratings on 21 September. The credit ratings remained unchanged. The long-term credit rating is 'A+' and the short-term rating is 'A-1'. The outlook is stable.

Personnel

The total personnel of the Fingrid Group averaged 261 (250) during the review period.

Auditing

The consolidated figures in this Interim Report are unaudited.

Outlook for the remaining part of the year

The profit of the Fingrid Group for the entire year without the change in the fair value of derivatives is expected to improve from 2009.

Board of Directors

Appendices: Tables for the interim report 1 January - 30 September 2010

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Appendices: Tables for the Interim Report 1 January - 30 September 2010

Condensed consolidated statement of comprehensive income, million euros	2010 Jan-Sep	2009 Jan-Sep	Change	2010 Jul-Sep	2009 Jul-Sep	Change	2009 Jan-Dec
Revenue	318.3	254.5	63.8	85.6	70.8	14.8	358.9
Other operating income	2.6	1.4	1.2	0.5	0.5	0.1	2.2
Depreciation and amortisation expense	-49.9	-48.2	-1.7	-16.6	-15.9	-0.7	-64.6
Operating expenses	-219.7	-173.2	-46.6	-65.0	-55.3	-9.7	-245.8
Operating profit	51.3	34.5	16.8	4.5	0.1	4.4	50.8
Finance income and costs	-9.6	-14.5	4.9	-2.3	-5.8	3.5	-17.8
Portion of profit of associated companies	0.2	0.2	0.0	0.0	0.0	0.1	0.3
Profit before taxes	41.9	20.2	21.7	2.3	-5.7	7.9	33.2
Income taxes	-10.9	-5.2	-5.6	-0.6	1.5	-2.1	-8.6
Profit for the period	31.1	15.0	16.1	1.7	-4.2	5.9	24.7
Other comprehensive income							
Cash flow hedges	7.9	-4.3	12.2	1.5	-7.5	9.0	11.8
Translation reserve	0.1	0.4	-0.3	0.0	0.2	-0.2	0.5
Available-for-sale financial assets							0.0
Total comprehensive income for the year	39.1	11.1	28.0	3.2	-11.5	14.7	36.9
Profit attributable to:							
Equity holders of the company	31.1	15.0	16.1	1.7	-4.2	5.9	24.7
Total comprehensive income attributable to:							
Equity holders of the company	39.1	11.1	28.0	3.2	-11.5	14.7	36.9
Earnings per share (euros)* belonging to the owners of the parent company, calculated from profit	9 344	4 517	4 828	512	-1 257	1 769	7 417

* no dilution effect

Condensed consolidated balance sheet, million euros	2010 30 Sep	2009 30 Sep	Change	2009 31 Dec
ASSETS				
Non-current assets				
Goodwill	87.9	87.9	0.0	87.9
Intangible assets	89.6	85.9	3.7	88.0
Property, plant and equipment	1 217.7	1 152.5	65.2	1 181.1
Investments	7.8	7.3	0.5	7.4
Receivables	54.8	21.9	32.8	18.5
Current assets				
Inventories	5.7	5.6	0.1	5.4
Receivables	39.8	31.4	8.4	56.3
Financial assets recognised in income statement at fair value	201.7	199.5	2.2	199.8
Cash and cash equivalents	0.2	4.8	-4.6	4.1
Total assets	1 705.2	1 596.9	108.3	1 648.6
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity belonging to the owners of the parent company				
Shareholders' equity	480.2	422.0	58.2	447.8
Non-current liabilities				
Non-current interest-bearing liabilities	697.1	627.4	69.7	685.4
Other non-current liabilities	145.0	158.0	-13.0	141.5
Current liabilities				
Current interest-bearing liabilities	344.3	349.9	-5.6	316.0
Trade and other payables	38.7	39.6	-0.9	57.9
Total shareholders' equity and liabilities	1 705.2	1 596.9	108.3	1 648.6

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Key indicators, million euros	2010	2009	2009
	Jan -Sep	Jan - Sep	Jan - Dec
Revenue	318.3	254.5	358.9
Capital expenditure, gross	87.4	88.1	135.6
- % of revenue	27.5	34.6	37.8
Research and development expenses	0.9	0.8	1.3
- % of revenue	0.3	0.3	0.4
Personnel, average	261	250	251
Operating profit	51.3	34.5	50.8
- % of revenue	16.1	13.6	14.1
Profit before taxes	41.9	20.2	33.2
- % of revenue	13.2	7.9	9.3
Interest bearing liabilities, net*	839.4	773.0	797.5
Equity ratio, %*	28.3	26.4	27.2
Shareholders' equity, million euros*	480.2	422.0	447.8
Equity per share, euros*	144 407	126 910	134 676
Earnings per share, euros*	9 344	4 517	7 417

* end of period

Consolidated statement of changes in total equity, million euros						
Attributable to equity holders of the parent company	Share capital	Share premium account	Revaluation reserve	Translation reserve	Retained earnings	Total equity
Capital and reserves 1 Jan 2009	55.9	55.9	-23.2	-0.4	329.3	417.6
Comprehensive income						
Profit or loss					15.0	15.0
Other comprehensive income						
Cash flow hedges			-4.3			-4.3
Translation reserve				0.4		0.4
Total other comprehensive income			-4.3	0.4		-4.0
Total comprehensive income			-4.3	0.4	15.0	11.1
Transactions with owners						
Dividends relating to 2008					-6.7	-6.7
Capital and reserves 30 Sep 2009	55.9	55.9	-27.5	0.0	337.6	422.0
Comprehensive income						
Profit or loss					9.6	9.6
Other comprehensive income						
Cash flow hedges			16.1			16.1
Translation reserve				0.1		0.1
Available-for-sale financial assets			0.0			0.0
Total other comprehensive income			16.1	0.1		16.2
Total comprehensive income			16.1	0.1	9.6	25.8
Capital and reserves 1 Jan 2010	55.9	55.9	-11.4	0.1	347.3	447.8
Comprehensive income						
Profit or loss					31.1	31.1
Other comprehensive income						
Cash flow hedges			7.9			7.9
Translation reserve				0.1		0.1
Total other comprehensive income			7.9	0.1		8.0
Total comprehensive income			7.9	0.1	31.1	39.1
Transactions with owners						
Dividends relating to 2009					-6.7	-6.7
Capital and reserves 30 Sep 2010	55.9	55.9	-3.5	0.2	371.6	480.2

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Condensed consolidated cash flow statement, million euros	2010	2009	2009
	Jan-Sep	Jan-Sep	Jan-Dec
Cash flow from operating activities			
Profit for the financial year	31.1	15.0	24.7
Adjustments	68.1	65.7	89.2
Changes in working capital	0.1	4.3	-5.5
Impact of changes in fair value of investments	0.0	-3.1	-3.1
Interests paid	-12.6	-38.6	-41.5
Interests received	1.5	6.7	4.9
Taxes paid	-1.6	-1.4	-2.0
Net cash flow from operating activities	86.6	48.6	66.8
Cash flow from investing activities			
Purchase of property, plant and equipment	-89.6	-86.4	-127.6
Purchase of intangible assets	-3.8	-3.9	-6.9
Purchase of other assets	0.0	0.0	0.0
Proceeds from sale of property, plant and equipment	0.9	0.0	0.1
Dividends received	0.0	0.0	0.0
Net cash flow from investing activities	-92.5	-90.3	-134.4
Cash flow from financing activities			
Withdrawal of loans	257.6	248.8	365.4
Repayment of loans	-246.9	-202.3	-293.4
Dividends paid	-6.7	-6.7	-6.7
Net cash flow from financing activities	4.0	39.8	65.3
Net change in cash and cash equivalents	-1.9	-1.8	-2.3
Cash and cash equivalents 1 Jan	203.9	206.1	206.1
Cash and cash equivalents 30 Sep	202.0	204.3	203.9

Derivative agreements, million euros	30 Sep 2010		30 Sep 2009		31 Dec 2009	
	Net fair value	Notional value	Net fair value	Notional value	Net fair value	Notional value
Interest and currency derivatives						
Cross-currency swaps	46	432	-2	332	-1	400
Forward contracts	0	3	0	12	0	14
Interest rate swaps	0	241	1	155	0	191
Call options, bought	4	740	11	780	11	750
Total	51	1 416	11	1 279	10	1 355
	Net fair value	Volume TWh	Net fair value	Volume TWh	Net fair value	Volume TWh
Electricity derivatives						
Electricity forward contracts, Nord Pool Clearing designated as hedge accounting	-6	3.64	-39	3.64	-18	3.61
Electricity forward contracts, Nord Pool Clearing	0	-0.01	0	-0.01	0	0.02
Forward contracts of electricity, others			-1	0.04	0	0.02
Total	-6	3.63	-40	3.67	-18	3.65

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Commitments and contingencies, million euros	30 Sep 2010	30 Sep 2009	31 Dec 2009
Pledges / bank balances	0	4	1
Rental liabilities	7	8	8
Commitment fee of revolving credit facility	0	0	0
Total	7	12	9
Capital commitments	248	224	177
Other financial liabilities	2	2	2

Changes in property, plant and equipment, million euros	30 Sep 2010	30 Sep 2009	31 Dec 2009
Carrying amount at beginning of period	1 181	1 113	1 113
Increases	84	85	129
Decreases	1	0	0
Depreciation and amortisation expense	-48	-45	-61
Carrying amount at end of period	1 218	1 153	1 181

Related party transactions and balances, million euros	30 Sep 2010	30 Sep 2009	31 Dec 2009
Sales	83	65	91
Purchases	100	71	102
Receivables	6	4	9
Liabilities	0	0	1

Accounting principles. This interim report has been drawn up in accordance with standard IAS 34, Interim Financial Reporting. In this interim report, Fingrid has followed the same principles as in the annual financial statements for 2009.

Segment reporting. The entire business of the Fingrid Group is deemed to comprise transmission system operation in Finland with system responsibility, only constituting a single segment. There are no essential differences in the risks and profitability of individual products and services. This is why segment reporting in accordance with the IFRS 8 standard is not presented.

Corporate rearrangements. There have been no changes in the Group structure during the period reviewed.

Seasonal fluctuation. The Group's operations are characterised by extensive seasonal fluctuations.

General clause. Certain statements in this release concern the future and are based on the present views of management. Due to their nature, they contain some risk and uncertainty and are subject to changes in economy and the relevant business.