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Fingrid Oyj
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Fingrid Oyj's review of January – December 2013: profit improved, investments still at a high level

Figures in brackets refer to the previous year, unless otherwise stated.

October – December 2013

- The Group's turnover in October – December was 155 million euros (154 million).
- Operating profit for the last quarter of the year was 36 million euros (38 million).

January – December 2013:

- The Group's turnover in January – December was 543 million euros (522 million).
- The Group's net profit was 115 million euros (95 million).
- The Group's net profit for the financial period was 91 million euros (67 million).
- The cash flow from the operations of the Group deducted by capital expenditure was -68 million euros (-1 million).
- The interest-bearing borrowings totalled 1,077 million euros (1,030 million).
- Investments totalled 225 million euros (139 million).
- The equity ratio was 29.5% (27.3%).
- Earnings per share totalled 27,278 euros (20,159 euros).

Key figures							
		1–12/13	1–12/12	change %	10–12/13	10–12/12	change %
Turnover	M€	543.1	522.1	4.0	155.1	153.7	0.9
Capital expenditure, gross	M€	225.3	139.0	62.2	94.8	56.4	68.2
- % of turnover	%	41.5	26.6		61.1	36.7	
Research and development expenses	M€	1.8	1.5	15.9	0.6	0.6	8.8
- % of turnover	%	0.3	0.3		0.4	0.4	
Personnel, average		277	269	3.0			
Personnel at the end of period		287	275	4.4			
Salaries and remunerations total	M€	19.0	18.2	4.3	5.5	5.3	3.8
Operating profit	M€	115.3	94.6	21.8	36.5	38.5	-5.2
- % of turnover	%	21.2	18.1		23.5	25.0	
Profit before taxes	M€	87.3	88.3	-1.2	30.3	35.0	-13.3
- % of turnover	%	16.1	16.9		19.6	22.8	
Profit for the financial period	M€	90.7	67.0	35.3	47.5	26.7	77.9
Comprehensive income	M€	86.1	73.2	17.5	43.4	27.5	58.0
Return on investment	%	6.3	5.6				
Return on equity	%	15.0	12.4				

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Equity ratio	%	29.5	27.3				
Interest-bearing net liabilities	M€	1,076.7	1,030.3	4.5			
Gearing		1.68	1.81				
Profit/share	€	27,278	20,159	35.3	14,286	8,032	77.9
Dividend/A shares	€	2,018.26*	5,115.89				
Dividend/B shares	€	2,018.26*	2,018.26				
Equity/share	€	193,293	171,365	12.8			
Dividend payout ratio A shares	%	7.4*	25.4				
Dividend payout ratio series B shares	%	7.4*	10.0				
Number of shares 31 Dec.							
– Series A shares	shares	2,078	2,078	-	2,078	2,078	-
– Series B shares	shares	1,247	1,247	-	1,247	1,247	-
Total	shares	3,325	3,325	-	3,325	3,325	-

* The Board of Directors' proposal to the Annual General Meeting

Says Jukka Ruusunen, President of Fingrid, about the year 2013

Year 2013 was a year of many successes for Fingrid. The development in result was strong and from an operational point of view the year was excellent. The Group's turnover was 543 million euros and profit for the financial period was 91 million euros. The result for 2013 was improved by a rise in grid network tariffs: grid revenue grew to 321 million euros. On the other hand, Nordic congestion income decreased significantly.

Grid investments were once again high: we invested around 209 million euros in the main grid. Investment portfolio management requires plenty of flexibility throughout the various sectors of the organisation. In addition to its own employees, Fingrid's service provider organisations also saw success.

Grid operational reliability in 2013 was excellent despite significant challenges set by our large-scale investment programme. The new main grid control centre demonstrated how well it functioned in its first year of operations. Electricity markets in the Baltic Sea region also progressed thanks to the EstLink 2 connection. EstLink 2 has already made market activity more efficient and improved reliability in the supply of electricity in the area. The benefits to society are significant. The project serves as a model for all of Europe as to how cross-border cooperation can achieve great things when people on both sides of the border strive to achieve the same goal.

A new Electricity Market Act came into effect in Finland in the autumn of 2013. The act outlines the separation of the grid ownership in line with EU requirements. The act has further specified the definition of grid and Fingrid was given with new responsibilities relating to matters such as balance services and the exchange of information on electricity markets. Fingrid's customer base will multiply as a result of these new tasks, and the grid network will extend to Helsinki in a few years' time.

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Our development themes for 2013 were customer operations and responsibility. We have put a new operating model, developed in close cooperation with our customers, into use in our customer operations. Fingrid's Advisory Committee has invested a significant amount of time and effort into the new model. With regard to responsibility, we've developed responsible management and concretised Fingrid's responsibility targets. Responsibility is an essential part of a grid company's operations, and it is a central part of our strategy. When it comes down to it, the most important thing is how our customers and society see us.

Calculation principles

Information published in this review are based on Fingrid's audited financial statements 2013, published in connection with this bulletin.

Financial result

The Group's turnover was 543 million euros (522 million). Other operating income was 4 million euros (4 million euros).

Grid revenue rose to 321 million euros (276 million euros) as a result of the tariff increase of 15 per cent carried out at the beginning of the year. Electricity consumption in Finland decreased by 1.5 per cent from 2012. Fingrid transmitted the same amount of electricity in its grid as in the previous year, i.e. 64.6 (64.2) TWh. The sales of imbalance power grew to 159 (151) million euros. The increase in the sales of imbalance power was influenced by the rises made in the balance service fees in 2013 to cover increased reserve purchasing costs. Cross-border transmission income on the connection between Finland and Russia and congestion income on the interconnection between Finland and Estonia remained at the previous year's level. On the other hand, Fingrid's congestion income on the interconnection between Finland and Sweden fell considerably due to the market situation and reduced differences in the area prices of electricity, and was 19 (44) million euros. European inter-TSO compensation income declined slightly.

The costs of imbalance power decreased from the previous year to 121 (126) million euros due to the reduced volume of regulating power. Loss energy costs also fell by 6 million euros. The average price of loss energy purchases was 51.10 (52.86) euros per megawatt hour. Depreciation costs increased by 6 million euros as significant new capital investment projects were completed. The costs of reserves, which safeguard the system security of the power system, rose by 23 million euros during the period under review because the temporary purchases of frequency controlled reserves in the hourly market in Finland and from the other Nordic TSOs were more expensive than earlier. Additional reserves were also purchased in order to improve frequency quality. Personnel-, maintenance - and inter-TSO compensation costs remained more or less at the level of the previous year.

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Turnover and other operating income, M€

	1-12/13	1-12/12	change %	10-12/13	10-12/12	change %
Grid service revenue	321	276	16.2	93	85	9.3
Sales of imbalance power	159	151	4.9	45	48	-6.0
Cross-border transmission income	13	11	24.6	4	3	5.2
Finland-Estonia congestion income*	4	6	-42.8	1	1	30.3
Finland-Sweden congestion income	19	44	-58.0	6	8	-22.4
Peak load capacity income**	13	19	-28.5	2	5	-64.1
ITC income	8	10	-16.6	2	2	-10.5
Feed-in tariff for peat			-			
Other turnover	6	5	34.5	2	1	110.1
Other operating income	4	4	6.2	1	2	-59.6
Turnover and other income total	547	526	4.0	156	156	0.2

Costs, M€

	1-12/13	1-12/12	change %	10-12/13	10-12/12	change %
Purchase of imbalance power	121	126	-3.8	32	39	-17.8
Cost of loss energy	58	65	-9.8	15	17	-11.2
Depreciation	82	76	8.0	22	20	10.3
Cost of reserves	62	39	59.0	13	10	32.7
Personnel costs	23	22	3.2	6	7	-4.2
Maintenance costs	20	21	-6.2	5	6	-20.8
Cost of peak load capacity**	13	18	-28.6	2	5	-65.1
ITC charges	12	14	-16.9	3	3	-8.1
Estlink grid rents*	4	6	-44.5	1	1	6.6
Other costs	31	32	-1.3	9	9	0.6
Costs total	425	419	1.6	108	116	-7.2
Operating profit excluding the change in the fair value of commodity derivatives	122	107	13.6	48	39	21.9
Operating profit of Group	115	95	21.8	36	38	-5.2

*Fingrid's income from the congestion income between Finland and Estonia was 3.7 million euros. The costs (grid rents between Finland and Estonia) were 3.5 million euros, which was paid to the owners of the Estlink 1 transmission connection. The difference of 0.2 million euros received by Fingrid was created during the trial period of the EstLink 2 connection in December 2012.

**The peak load capacity income and costs are related to the securing of the sufficiency of electricity during peak consumption hours within the framework of the Finnish Peak Load Capacity Act.

The operating profit of the Group was 115 (95) million euros. Of the change in the fair value of commodity derivatives, -6 (-13) million euros was recognised in the income

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statement. Consolidated profit for the year was 91 (67) million euros. The consolidated total comprehensive income was 86 (73) million euros.

The financial position of the Group continued to be satisfactory. The net financial costs excluding the changes in the fair value of derivatives were 19 (21) million euros. The net financial costs in accordance with IFRS were 29 (7) million euros, including the change in the fair value of derivatives, which was -10 (14) million euros. The effect of a decrease in the Finnish corporate tax rate on the result for the period is 24.5 million euros. On 31 December 2013, financial assets totalled 217 (214) and interest-bearing loans 1,294 (1,244) million euros. The return on investment was 6.3 (5.6) per cent and return on equity 15.0 (12.4) per cent. The equity ratio of the Group was 29.5 (27.3) per cent at the end of the review period.

Turnover of the parent company was 530 (504) million euros and profit for the financial year 65 (41) million euros.

Capital expenditure

Fingrid implemented its transmission network investment programme as planned, which will safeguard the implementation of Finland's energy and climate strategy, improve reliability, increase transmission capacity and support the electricity market. Fingrid's annual capital expenditure in the transmission system has been extensive for years. The company's gross capital expenditure in 2013 was 225 (139) million euros. Of this amount, a total of 209 (94) million euros was used for the transmission grid and 4 (26) million euros for reserve power.

IT-related capital expenditure was approximately 9 (11) million euros. Research and development was allocated a total of 1.8 (1.5) million euros. Some 50 research and development projects were in progress. In terms of volume, research work remained on the same level as in previous years. The focus of research during the year was, among other things, the challenges presented to the power system by renewable energy, as a result of which a new reserve type was introduced. During the year, attention was also paid to how demand-side flexibility could be promoted so that small consumers and other consumer groups could get involved in it.

In 2013, Fingrid had several investment projects for ensuring system security and the adequacy of transmission capacity in the future. EstLink 2, the joint project by Fingrid and the Estonian transmission system operator Elering neared completion. This link was taken into trial operation and its capacity was successfully introduced into the market on 6 December 2013. The connection will add about 650 MW of additional transmission capacity between Finland and Estonia. The project was handed over on 7 January 2014. In December 2013, Fingrid and Elering jointly purchased the Estlink 1 HVDC link from Nordic Energy Link (NEL). Estlink 1's capacity is 350 MW, so the total transmission capacity between Finland and Estonia will be 1,000 MW.

One of the biggest completed projects was the 400 kV transmission connection between Yliikkälä and Huutokoski in Eastern Finland, which was finished in 2013. The Nurmijärvi – Hyvinkää – Hikiä project to strengthen the high-voltage network in Southern Finland was also completed as planned in late 2013.

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The transmission capacity in Western Finland will be boosted by the 400 kV Ulvila-Kristinestad transmission connection, which will be completed by the end of 2014. At the end of 2012, Fingrid made a significant investment decision, as a result of which Ostrobothnia will be upgraded from the 220 kV voltage level to 400 kV by 2016. The project includes, among other things, the 212-km, 400 kV Hirvisuo-Pyhänselkä line stretching from Kokkola to Oulujoki, as well as several substations. These will enable, for example, the large-scale connection of wind power directly to the 400 kV transmission line and, at the same time, the discontinuation of the ageing 220 kV line. In order to achieve the targets for renewable energy, Finland has many wind power projects on the go, many of which are located on the west coast.

In November 2013, Fingrid made decisions on contracts for the 400 kV Hikiä-Forssa power transmission connection. The company also made the decision to order three new transformers from Hyundai Heavy Industries Co., Ltd. of South Korea. Sustainability audits were carried out in Hyundai's plant in South Korea, in which the implementation of Fingrid's responsibility objectives in the supply chain was examined.

Power system

Electricity consumption in Finland in 2013 totalled 83.9 (85.2) terawatt hours. A total of 64.6 (64.2) TWh of electricity was transmitted in Fingrid's grid, representing 77.0 (75.4) per cent of the electricity consumption in Finland.

The system security of the transmission grid was excellent with no major disturbances occurring. The number of disturbances on the grid was at an average level.

Electricity transmission between Finland and Sweden consisted mainly of imports to Finland. Production capacity was limited by grid maintenance work in Sweden and a cable fault in the Fenno-Skan 1 HVDC connection early in the year, as a result of which maximum capacity had to be reduced while the cable was being inspected. The results of the investigations may lead to these restrictions becoming permanent. During 2013, 12.8 (14.8) TWh of electricity was imported from Sweden to Finland, and 0.7 (0.4) TWh were exported from Finland to Sweden.

The electricity transmissions between Finland and Estonia were dominated by exports from Finland to Estonia. The transmission capacity was available to the market in the normal manner. The volume of electricity imports from Estonia to Finland on the Estlink 1 connection was 0.5 (0.4) TWh, and 1.6 (1.5) TWh of electricity was exported from Finland to Estonia. Commissioning tests that started late in 2013 for the HVDC EstLink 2 connection between Finland and Estonia increased transmission capacity by 650 MW, with total transmission capacity between Finland and Estonia increasing to a total of 1,000 MW.

Electricity imports from Russia were at a low level. Almost the full transmission capacity was made available. Electricity imports from Russia totalled 4.7 (4.4) TWh. Technical testing was carried out to prepare for the opening of bilateral trade in electricity between Finland and Russia.

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Power system operation	1-12/13	1-12/12	10-12/13	10-12/12
Electricity consumption in Finland TWh	83.9	85.2	22.2	23.3
Fingrid's transmission volume TWh	64.6	64.2	16.9	17.2
Fingrid's loss energy volume TWh	1.1	1.2	0.3	0.3
Electricity transmission Finland - Sweden				
Exports to Sweden TWh	0.7	0.4	0.0	0.2
Imports from Sweden TWh	12.8	14.8	3.7	3.2
Electricity transmission Finland - Estonia				
Exports to Estonia TWh	1.6	1.5	0.7	0.3
Imports from Estonia TWh	0.5	0.4	0.1	0.1
Electricity transmission Finland - Russia				
Imports from Russia TWh	4.7	4.4	1.3	1.4

Electricity market

The Finnish electricity market has arrived at a new stage. The market fluctuations of neighbouring countries are affecting Finland more than they did before. Among other things, this is influenced by an increase in transmission connections, the Baltic countries joining the same electricity exchange area and changes in the Russian market.

In June, Latvia and Lithuania joined the Nord Pool Spot electricity exchange as offer areas. The prevailing direction of trade was from Finland to Estonia. EstLink 2, which was taken into trial operation, tripled the transmission capacity between the countries and is also significantly strengthening the integration of the Nordic and Baltic markets.

The development of the internal European market was boosted when the north-west European spot markets merged (in February 2014). This will create the largest uniform electricity market in the world, covering the Nordic and Baltic countries, western Central Europe and the United Kingdom. With regard to the EU's third legislative package on the electricity market, ENTSO-E completed proposals about three key market regulations.

Fingrid is developing new market services that are improving market efficiency. The law concerning guarantees of origin has changed so that all sellers of renewable energy must obtain a guarantee of origin. Until now, the system has been voluntary. Fingrid will be responsible for maintaining the electronic register of guarantees of origin from 1 March 2014. Fingrid is also starting the development of electronic exchange of information on the market.

The Finnish, Norwegian and Swedish grid operators continued to implement their joint imbalance settlement. A joint venture called eSett Oy was established for the service, which will be launched in 2015.

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In the Nordic electricity markets, the supply of hydroelectric power was somewhat less than the previous year, which increased the price level of the wholesale market. On the electricity exchange, the average price for spot electricity (system price) was 38 (31) euros per MWh. Hydroelectric power was, however, in plentiful supply and imports from Sweden and Norway to Finland totalled 12.8 (14.9) TWh. Congestion in border transmission connections, grid maintenance work in Sweden and a cable fault in Fenno-Skan 1 increased Finland's area price to about 2 euros higher than the Swedish price. The average Finnish area price was 41 (37) euros per MWh. From this difference in price, 19 (44) million euros of so-called congestion income accumulated for the company.

Import from Russia to Finland fluctuated greatly with the total volume being 4.7 (4.4) TWh.

Electricity market

	1-12/13	1-12/12	10-12/13	10-12/12
Nord Pool system price, average €/MWh	38	31	36	37
Area price Finland, average €/MWh	41	37	40	41
Congestion income between Finland and Sweden, million €*	37.2	88.5	12.4	16.0
Congestion hours between Finland and Sweden %*	19.4	35.1	27.9	32.0
Congestion income between Finland and Estonia, million €*	7.4	12.9	1.9	1.5
Congestion hours between Finland and Estonia %*	27.3	34.7	26.4	22.4

*The congestion income between Finland and Sweden as well as between Finland and Estonia is divided between the relevant TSOs in equal proportions. The income and costs of the transmission connections are presented in the tables under Financial Result.

Financing

The financial position of the Group continued to be satisfactory.

The net financial costs excluding the changes in the fair value of derivatives were 19 (21) million euros. Interest income was 1 (3) million euros. The net financial costs in accordance with IFRS were 29 (7) million euros, including the change in the fair value of derivatives, which was -10 (+14) million euros.

On 31 December 2013, financial assets amounted to 217 (214) million euros. Interest-bearing debt totalled 1,294 (1,244) million euros, of which 975 (1,032) million euros were long-term and 319 (212) million euros were short-term. Counterparty risk arising from the currency derivative contracts and interest rate derivative contracts was 34 (77) million euros.

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International rating agencies updated the company's credit ratings.

On 16 January 2013, Standard & Poor's Rating Services (S&P) revised Fingrid Oyj's outlook from negative to stable. S&P affirmed Fingrid's long-term rating AA-, short-term rating A-1+ and the senior unsecured debt rating AA-. On 8 November 2013, Fitch Ratings affirmed Fingrid Oyj's long-term Issuer default rating of A, its short-term Issuer default rating of F1 and its senior unsecured debt rating at A+, outlook stable. On 14 December 2012, Moody's Investors Service affirmed Fingrid Oyj's issuer rating at A1, senior unsecured debt rating at A1 and the short-term debt rating at P-1, outlook stable.

Share capital

The minimum share capital of the company is 55,900,000 euros and the maximum share capital is 223,600,000 euros, within which the share capital may be increased or lowered without amending the articles of association. At present, the share capital is 55,922,485.55 euros. The shares of the company are divided into series A shares and series B shares.

The number of series A shares is 2,078 and the number of series B shares is 1,247. The voting and dividend rights related to the shares are described in more detail in the notes to the financial statements and in the articles of association available on the website of the company.

Personnel and remuneration systems

The Fingrid Group and Fingrid Oyj employed 287 (275) persons, including temporary employees, at the end of the year. The number of permanent personnel was 268 (261).

Of the personnel employed by the company, 25.4 (23.8) per cent were women and 74.6 (76.2) per cent were men at the end of the year. The average age of the personnel was 44 (44).

During 2013, a total of 12,837 (9,528) hours were used for personnel training, with an average of 46 (37) hours per person. Employee absences on account of illness in 2013 accounted for 2 (2) per cent of the total working hours. In addition to a compensation system, which is based on the requirements of each position, Fingrid applies incentive bonus schemes.

Board of Directors and corporate management

Fingrid Oyj's Annual General Meeting took place in Helsinki on 27 May 2013. Helena Walldén, M.Sc. (Tech.) was elected Chairman of the Board. Juha Majanen, Budget Counsellor and the Head of Fiscal Policy Unit of the Ministry of Finance, was elected Vice Chairman. The other members of the Board of Directors are Sirpa Ojala, CEO of Digita Networks Oy, Matti Rusanen, Head of Listed Securities, Ilmarinen Mutual Pension Insurance Company, and Esko Torsti, Head of Non-listed Investments, Ilmarinen Mutual Pension Insurance Company.

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The Board members until 27 May 2013 were Helena Wallden, Juha Majanen, Sirpa Ojala, Esko Torsti and Esko Raunio LocalTapiola Mutual Pension Insurance Company (currently Elo Mutual Pension Insurance Company).

PricewaterhouseCoopers Oy was elected as the auditor of the company.

The Board of Directors has two committees: an audit committee and a remuneration committee. The members of the audit committee from 27 May 2013 were Juha Majanen (Chairman), Esko Torsti and Helena Wallden. The members of the audit committee from 27 May 2013 were Juha Majanen (Chairman), Esko Torsti and Helena Wallden.

The remuneration committee from 27 May 2013 consisted of Helena Walldén (Chairperson), Sirpa Ojala and Matti Rusanen. Until 27 May 2013, the members of the remuneration committee were Helena Walldén (Chairperson) and Sirpa Ojala.

Jukka Ruusunen serves as President & CEO of the company.

A corporate governance statement, required by the Finnish Corporate Governance Code, has been provided separately. The statement and other information required by the Code are also available on the company's website at www.fingrid.fi.

Internal control, risk management, internal audit

The purpose of Fingrid Oyj's internal control, risk management and internal audit is to ensure implementation of the company's strategy and that it is in accordance with its corporate governance and control system, principals and procedural guidelines. The company's internal control is based on the principles approved by the Board of Directors, policies as well as function-level and unit-level instructions approved by the executive management group, risk management, financial reporting, transparency of processes and procedures, as well as objective and independent internal audit.

Fingrid's risk management is based on the company's targets, strategy and on the identification and assessment of risks concerning changes on the operating environment. The impact of significant risks is assessed from a perspective of both the company and society, because the company holds a significant position in Finnish society. In order to manage risk, protective measures are if necessary prepared and risk management is regularly reported on.

The company's Board of Directors is responsible for the organisation of internal control, risk management and internal audit, and approves measures related to them. The Board also decides on the corporate strategy and action plan, and monitors their implementation. The executive management defines the principles that govern operations for the approval of the Board, and also enforces them. The Board obtains an annual report of the situation concerning the company's operating risks and their management.

The company's internal control system and organisation of risk management and responsibilities are defined so that internal control and risk management are implemented and verified in the company comprehensively, efficiently and in

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accordance with the targets set by the Board. Targets, methods and roles and responsibilities related to the company's internal control and risk management are described in documents of principles approved by the Board.

The CEO assisted by the executive management group is responsible for the practical implementation of the company's risk management. The strategic risks are identified as part of the company's annual strategy work. The company's strategy presents the key risks at corporate level and their related risk management. Risk monitoring, coordination and management are carried out in the executive management Ggroup. The heads of units own the risks concerning operations in their areas of responsibility, and are in charge of identifying, assessing and managing risks, the efficiency of control measures and reporting risks and non-conformities. Operative risk management is based on an annual risk analysis carried out in connection with the drawing up of action plans, and on the constant monitoring of risks. The heads of the units are responsible for the identification, reporting and risk management measures of the operative risks in their respective areas of responsibility. The company applies a comprehensive risk management system, which is being developed further.

Fingrid's Board of Directors discusses and approves the annual budget of the Group, giving those who sign documents the right to act within the limits of the budget and decisions in order to conclude agreements. All individual capital investments decisions, which are crucial in terms of the company's business or have a cost effect in excess of 10 million euros, and all annual capital investment programmes in excess of 10 million euros are approved by the Board of Directors of company. Company's Board of Directors approves possible capital investments in excess of 2 million euros outside the budget. After being processed by the Board of Directors and after being approved, the procurements can be accepted in accordance with the company's acceptance authority if the project has been subjected to competitive tendering in accordance with Fingrid's procurement instructions.

The company's internal audit examines risk management and internal control as a party independent of the functions and processes. The internal auditor monitors issues such as adherence to the guidelines of the company, acts and official regulations, and reports his findings to the audit committee. The audit committee of the Board of Directors examines the efficiency of internal control and reports to the Board of Directors. The company's internal audit has been outsourced to an independent external party. As part of internal control, internal audit audited processes related to Fingrid's balance services, financing, occupational safety, and comprehensive risk management. A comprehensive audit plan for 2014 has been approved for internal audit.

The Board of Directors and the audit committee receive regular reports about strategic risks, risks concerning financing and business counterparty risks. The updated strategy is presented to the Board every August. The executive management group receives regular reports about operative risks, risks concerning financing and counterparty risks. Business units receive regular reports about their own counterparty risks and operative risks.

If a significant risk or other significant unfavourable event is realised, if necessary the effects and probability of the event is separately assessed.

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Significant risks and factors of uncertainty for Fingrid and society

As part of its social responsibility, Fingrid has identified risks that have a great impact on society. In selecting its strategic goals, Fingrid has taken into account the management of risks affecting both society and the company.

The significant risks shared by Fingrid and society are major disturbance, lack of confidence in the electricity market, environmental risk and electrical and occupational safety risks.

One of the company's biggest business risks and the biggest risk in terms of society is a major disturbance related to the functioning of the power system. A widespread disturbance in the power system may be caused by several simultaneous faults in the grid, inoperability of Fingrid's operation control system, insufficiency of production capacity, external events, or problems related to operation support systems or data security, preventing grid operation entirely or partially. Fingrid is prepared for a widespread disturbance concerning Finland or the Nordic power system by making capital investments in the transmission grid and in reserve power. In its strategy, the company also focuses on the diverse utilisation of the operation control system, expedited disturbance clearing and management of power shortage situations. Fingrid also makes preparations for disturbance situations by means of various reserves, procedural guidelines, contingency plans and exercises.

A loss of confidence in the electricity market is a significant risk for Fingrid and society. This risk may be realised for example as a result of insufficient transmission capacity or high prices of electricity. The company aims to contribute to the integration of the European electricity market and to secure the intensification of market mechanisms by constructing new cross-border transmission connections whenever necessary and by publishing market information which has a bearing on the transparency of the market.

From society's and Fingrid's point of view, the significant risks related to environmental matters include environmental damage and failure to anticipate environmental obligation set for operations. The impact of fuel- and oil leaks on soil and water is seen as one of the most concrete risks. From the company's point of view, a capital expenditure project delayed as a result of environmental impact assessment can also be an environmental risk. The key contingency measures for these environmental risks comprise proactive assessment of environmental impact, monitoring of changes in legislation, prevention of accidents by technical means, contractual terms related to environmental issues and auditing.

Variations in weather and extreme weather phenomena related to climate change may cause a need for new technical solutions, and they may influence the grid operation and maintenance practices. Moreover, the construction of transmission lines may become more complicated as a result of mild winters. All of these factors can result in additional costs to the company.

From a point of view of society and Fingrid, electrical and occupational safety risks are linked to the electrical safety of the transmission grid, especially in connection

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with construction and repair work. The reason for a risk being realised may be, for example, human error close to live components, an error or accident occurring in construction work, damage or vandalism to live structures or carelessness close to live components. The consequences of the realisation of risk may be a serious hazardous situation or a hazardous situation endangering many people, serious injury, sick leave, working incapacity, invalidity or death. An event may also cause outages in the transmission of electricity. Fingrid is constantly improving the safety of the transmission grid by developing, for example, technical solutions, workshops, skills and communications.

Significant risks for Fingrid

The most significant risks for Fingrid are an unfavourable trend in official regulation, capital investments which have become unnecessary, unanticipated capital investments, an unexpected increase in costs or reduction in income, financing risks, personnel risks, reputation risks, risks related to information technology and telecommunications and asset risks.

Fingrid's operations are subject to official regulation and supervised by the Energy Authority. Risks related to an unfavourable trend in official regulation, such as changes in the Finnish or European regulation or legislation, can weaken the financial position of the company or its opportunities to pursue the objectives related to the development of the electricity market. The company aims to establish well-working co-operation and interaction with the various stakeholders and to contribute actively to the reports and task forces of authorities. Fingrid works within ENTSO-E, the European Network of Transmission System Operators for Electricity, thus making preparations for and contributing to changes in regulation.

Capital investments which have become unnecessary may be the result of issues such as regional changes in electricity consumption, changes in electricity production, changes in the international situation, changes in regulation or technological changes. The objective is to avoid capital investments which have become unnecessary by means of continuous dialogue and close co-operation with customers, other transmission system operators and other stakeholders. Fingrid draws up transparent, comprehensive and sustainable grounds for capital investments, and updates the grid plans regularly. The company creates flexibility in the capital investment programme and executes the projects in a timely fashion.

Fingrid's major financial risks include an unforeseen increase in costs or decrease in income. This could be caused by unexpected changes in market-based costs. An increase in costs can be the result of the realisation of counterparty risk, an increase in reserve costs, unexpected faults or sudden changes in the area price of electricity. Correspondingly, a decrease in income may be the result of a sharp decline in electricity consumption, realisation of counterparty risk related to the service businesses, or a reduction in transmission and congestion income. An unanticipated increase in costs or decrease in income is restricted by enhancing financial control in the Group and assessment of financial latitude. Fingrid can change the grid tariff annually. Derivatives are used for hedging against changes in the price of electricity. The counterparty risk related to obligations of parties having a contractual relationship with Fingrid is limited contractually, by defining limits and by regularly monitoring the financial position of the counterparties.

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The financial risks include currency risks, transaction risks, interest rate risks, commodity risks, liquidity and refinancing risks and credit risks. Financial risks can be caused by disturbances in the capital and money markets, realisation of counterparty risks in terms of derivatives or investments, the of realisation credit risks in operations or disturbances in payments traffic. The risks are limited by means of a high and stable credit rating, and an even maturity profile and diverse structure for sources of funding. The financial risks are described in more detail in note 35 to the consolidated financial statements (IFRS).

Personnel risks are related to maintaining competence. Personnel risks are limited by the company's strategic long-term personnel planning, allocated training programmes for personnel and high-quality communication with stakeholders.

Reputation risk can be attributable to a number of reasons, such as serious disturbances or accidents, changes in prices, expropriation of land areas or delayed upgrades of the grid. These risks are reduced by means of effective risk and change management as well as responsible, transparent and equitable operations and active stakeholder efforts.

Risks related to information technology and telecommunications may be caused by an accident in ICT hardware facilities, long-term inoperability of telecommunications, or a serious failure in a critical ICT system where such a failure poses a direct and significant impediment to the company's operations. Such a situation may also be caused by human error or serious breach of data security. The company aims to make contingencies for these risks so that it has sufficient and solid ICT expertise and that ICT is secured in terms of the facilities, telecommunications and systems. Contingency plans are drawn up for the critical systems, and the company monitors and forecasts potential data and cyber security threats.

Asset risks cover significant damage to Fingrid's assets, such as widespread failures or failure in significant assets beyond repair. Other reasons for asset risks can include significant and unanticipated factors, such as demonstrations, earthquakes, natural disasters or war. Fingrid manages the asset risk through means such as preventive maintenance management, comprehensive insurance policies for the key grid components, detailed definition of projects and maintenance management, stringent quality control and the use of proven technology and suppliers.

Significant risks for society

Risks posed to society by Fingrid's operations are delayed capital investments and long-term restrictions in transmission capacity.

The reason for delayed capital investments may be, for example, changes in the economic situation or consumption and production, a postponement of the permit process, lack of resources or strike. Such postponement may cause restrictions in the electricity market whereby the market fails to develop or operate efficiently. The company carefully plans and builds key projects to strengthen the cross-border transmission connections and the grid, and takes into account the long-term effects on the market.

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Long-term transmission capacity restrictions may be caused by, for example, technical failures or problems with power system security. Restrictions or outages on power transmission may inflict economic disadvantage on customers and society. The restrictions are controlled by securing the critical items in the transmission grid and on the cross-border connections and by means of efficient outage planning. For example by timing the outages so, that they impose a minimum of economic disadvantage on society.

Corporate responsibility

Fingrid's corporate responsibility management is founded on the company's strategy. Corporate responsibility is guided by the Code of Conduct of the company. The key objectives of corporate responsibility have been set by means of assessing what is essential. Corporate responsibility perspectives and targets are involved in strategic work and operational planning. Responsibility objectives are also the basis for the remuneration of the executive management group and personnel.

In 2013, responsibility perspectives were linked more strongly to the company's processes, responsibility has been introduced as part of operational planning and reporting guidelines have been further developed. Success is regularly measured. In 2013, Fingrid succeeded, for example, in ensuring the system security of the transmission grid, implementing and monitoring the responsible operating model of the procurement chain. Furthermore the company succeeded mitigating the negative impacts on land use and landscape, and making service providers and contractors committed to environmentally responsible procedures.

Responsibility management and reporting takes into account the requirements of state ownership, and other recommendations ensuring the company's good governance. In reporting, the international GRI G3.0 reporting guidelines are applied.

A future objective is to develop responsibility requirements throughout the delivery chain, to monitor their attainment and intervene in possible problems.

Environmental matters

The transmission grid is part of the necessary basic structure of modern society visible in our living environment. Power lines particularly impact land use and the landscape, and have both positive and negative effects on nature and biodiversity. The key environmental perspectives at substations and reserve power plants concern the storage and handling of fuels and chemicals. When we improve the transmission system, the goal is to achieve minimum electricity transmission losses in a cost effective manner, thus enhancing energy efficiency. We also regard a reduction in greenhouse gas emissions as a major consideration. The efficient re-use and recycling of building and demolition waste is important in all construction work.

Fingrid's environmental responsibility is controlled by the company's land use and environmental policy. Environmental targets concern mitigating the impact on land use and landscape and on ensuring that service providers are committed to operating practices that are responsible from an environmental perspective. Correct operating

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practices are ensured by means of contracts, training and monitoring. Environmental matters are reported in the annual report and on the website.

Fingrid's reserve power plants are subject to an environmental permit and covered by the EU's emissions trading scheme. A total of 5,566 (21,317) units (tCO₂) of emission allowances were returned. Emissions trading had minor financial significance for Fingrid.

In 2013, the operating model for waste management was renewed, which will ensure that the waste re-use and recycling rate is kept as efficient as possible. Fingrid has a total of 24,872 (26,214) tonnes of creosote-impregnated or CCA-impregnated wooden towers, categorised as hazardous waste. Impregnated wood categorised as hazardous waste is also used in cable trench covers. The related disposal costs of approx. 1.7 (1.9) million euros have been entered in the financial statements under provisions for liabilities and charges, which in turn have been added correspondingly to property, plant and equipment. Equipment used in Fingrid's substations contains 32 (29) tonnes of sulphur hexafluoride (SF₆ gas), which is categorised as a greenhouse gas. However, no provision has been made for the disposal cost of this gas because it can be re-used after cleaning.

Legal proceedings and proceedings by authorities

Pending are procedures in accordance with EC Regulation 714/2009 on conditions for access to the network for cross-border exchanges in electricity and the new Finnish Electricity Market Act (588/2013). The EC Regulation requires national regulating authorities to make a decision on certifying the independence of transmission grid owners. In addition to this, the new Electricity Market Act requires Fingrid to apply for a new electricity network licence from the Energy Authority within one month of when the Energy Authority's decision on certification of the independence of the grid owner has entered into force.

Fingrid appealed to the Market Court against the decision of the Energy Authority on 23 November 2011: the confirmation of methods concerning the setting of the grid owner's income from grid operations and payments for transmission service for the control period starting 1 January 2012 and ending on 31 December 2015. The Market Court ejected Fingrid's appeal on 21 December 2012. Fingrid has appealed the decision of the Market Court to the Supreme Administrative Court on 21 January 2013.

Events after the closing of the financial year and estimate of future outlook

At the end of 2013, commissioning tests of the direct current connection between Finland and Estonia, EstLink 2, were begun. The connection was taken into commercial use on 7 February 2014, when it was handed over to the clients. The connection is jointly owned by the Finnish and Estonian main grid companies Fingrid and Elering.

The company increased its transmission grid tariffs by eight per cent from 1 January 2014; consequently, Fingrid Group's profit for the financial period 2014 excluding the changes in the fair value of derivatives and before taxes is expected to improve from

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the previous year. The uncertainty involved in reserve costs, congestion income and in cross-border income on the interconnections from Russia makes it difficult to anticipate Fingrid's financial result for the entire year. Fingrid will continue the implementation of its long-term investment programme of some 1.5 billion euros. If necessary, the company will increase the amount of external funding in order to finance investments. The company's ability to take care of its liabilities is expected to remain stable.

Fingrid has decided to harmonise the accounting principles for derivatives and, from the beginning of the year 2014, has ceased IFRS-based hedge accounting for electricity derivatives.

The Board of Director's Proposal For The Distribution of Profit

Fingrid Oyj's distributable funds in the financial statements are 104,202,141.17 euros. Since the closing of the financial year, there have not been essential changes in the financial position of the company, nor does the proposed dividend distribution threaten the solvency of the company according to the Board of Directors.

The company's Board of Directors will propose to the Annual General Meeting of Shareholders that

- 2,018.26 euros of dividend per share be paid, totalling 6,710,714.50 euros
- 97,491,426.67 euros to be carried over as unrestricted equity.

Annual General Meeting 2014

Fingrid Oyj's Annual General Meeting is planned to take place on 6 May 2014 in Helsinki.

Helsinki, 14 February 2014
Fingrid Oyj
Board of Directors

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		1 Jan - 31 Dec 2013	1 Jan - 31 Dec 2012
	Notes	1,000 €	1,000 €
TURNOVER	2	543,088	522,064
Other operating income	3	4,071	3,835
Raw materials and consumables used	4	-269,526	-267,103
Employee benefits expenses	5	-22,847	-22,135
Depreciation	6	-81,704	-75,665
Other operating expenses	7, 8, 9	-57,802	-66,376
OPERATING PROFIT		115,280	94,621
Finance income	10	1,249	3,126
Finance costs	10	-29,986	-10,293
Finance income and costs		-28,736	-7,167
Portion of profit of associated companies		709	845
PROFIT BEFORE TAXES		87,253	88,299
Income taxes	11	3,446	-21,269
PROFIT FOR THE FINANCIAL YEAR		90,699	67,029
OTHER COMPREHENSIVE INCOME			
Items that may subsequently be reclassified to profit and loss			
Cash flow hedges	12	-3,992	6,112
Translation reserve	12	-646	92
Available-for-sale financial assets	12	-2	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		86,059	73,235
Profit attributable to:			
Equity holders of parent company		90,699	67,029
Total comprehensive income attributable to:			
Equity holders of the company		86,059	73,235
Earnings per share, €	13	27,278	20,159
Earnings per share for profit attributable to the equity holders of the parent company:			
Undiluted earnings per share, €	13	27,278	20,159
Diluted earnings per share, €	13	27,278	20,159

Income tax related to other comprehensive income is presented in notes 12.

Notes are an integral part of the financial statements.

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CONSOLIDATED BALANCE SHEET

ASSETS	Notes	31 Dec 2013	31 Dec 2012
		1,000 €	1,000 €
NON-CURRENT ASSETS			
Intangible assets:			
Goodwill	15	87,920	87,920
Other intangible assets	16	92,751	91,085
		<u>180,671</u>	<u>179,005</u>
Property, plant and equipment: 17			
Land and water areas		14,224	13,933
Buildings and structures		142,061	126,385
Machinery and equipment		582,317	527,112
Transmission lines		788,389	684,187
Other property, plant and equipment		8,525	8,188
Advance payments and purchases in progress		87,910	124,870
		<u>1,623,426</u>	<u>1,484,674</u>
Investments: 18			
Equity investments in associated companies		10,416	8,292
Available-for-sale investments		300	302
		<u>10,716</u>	<u>8,594</u>
Receivables:			
Derivative instruments	30	42,337	81,678
Deferred tax assets	27	13,643	21,683
Other receivables	20	4,313	
		<u>60,293</u>	<u>103,361</u>
TOTAL NON-CURRENT ASSETS		<u>1,875,107</u>	<u>1,775,634</u>
CURRENT ASSETS			
Inventories	19	11,397	10,443
Derivative instruments	30	2,128	3,884
Trade receivables and other receivables	21	76,021	88,251
Financial assets recognised in income statement at fair value	22	194,973	207,426
Cash and cash equivalents	23	22,339	6,411
TOTAL CURRENT ASSETS		<u>306,858</u>	<u>316,415</u>
TOTAL ASSETS		<u>2,181,965</u>	<u>2,092,049</u>

Notes are an integral part of the financial statements.

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CONSOLIDATED BALANCE SHEET

EQUITY AND LIABILITIES	Notes	31 Dec 2013 1,000 €	31 Dec 2012 1,000 €
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
Share capital	26	55,922	55,922
Share premium account	26	55,922	55,922
Revaluation reserve	26	-11,559	-7,565
Translation reserve	26	-3	643
Retained earnings	26	542,416	464,856
TOTAL EQUITY		642,699	569,788
NON-CURRENT LIABILITIES			
Deferred tax liabilities	27	119,775	152,579
Borrowings	28	975,295	1,032,199
Provisions	29	1,735	1,869
Derivative instruments	30	38,757	30,127
		1,135,561	1,216,773
CURRENT LIABILITIES			
Borrowings	28	318,695	211,932
Derivative instruments	30	15,508	10,770
Trade payables and other liabilities	31	69,500	82,786
		403,704	305,488
TOTAL LIABILITIES		1,539,265	1,522,261
TOTAL EQUITY AND LIABILITIES		2,181,965	2,092,049

Notes are an integral part of the financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, 1,000 €
**Attributable to equity holders of the parent
company**

	Notes	Share capital	Share premium account	Revaluation reserve	Translatio n reserve	Retained earnings	Total equity
Balance at 1 Jan 2012		55,922	55,922	-13,679	551	408,586	507,304
Comprehensive income							
Profit or loss	26					67,029	67,029
Other comprehensive income							
Cash flow hedges	12			6,112			6,112
Translation reserve	12				92		92
Items related to long-term asset items available-for-sale	12			1			1
Total other comprehensive income adjusted by tax effects				6,113	92		6,205
Total comprehensive income			6,113	92	67,029	73,235	
Transactions with owners							
Dividends relating to 2011	26					-10,751	-10,751
Balance at 31 Dec 2012		55,922	55,922	-7,565	643	464,865	569,788
Balance at 1 Jan 2013		55,922	55,922	-7 565	643	464,865	569,788
Comprehensive income							
Profit or loss	26					90,699	90,699
Other comprehensive income							
Cash flow hedges	12			-3,992			-3,992
Translation reserve	12				-646		-646
Items related to long-term asset items available-for-sale	12			-2			-2
Total other comprehensive income adjusted by tax effects				-3,994	-646		- 4,640
Total comprehensive income				-3,994	-646	90,699	86,059
Transactions with owners							
Dividends relating to 2012	26					-13,148	-13,148
Balance at 31 Dec 2013		55,922	55,922	-11,559	-3	542,416	642,699

Notes are an integral part of the financial statements.

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CONSOLIDATED CASH FLOW STATEMENT	Notes	1 Jan - 31 Dec 2013 1,000 €	1 Jan - 31 Dec 2012 1,000 €
Cash flow from operating activities:			
Profit for the financial year	26	90,699	67,029
Adjustments:			
Business transactions not involving a payment transaction	36	85,818	86,206
Interest and other finance costs		29,986	10,293
Interest income		-1,243	-3,120
Dividend income		-7	-6
Taxes		-3,446	21,269
Financial assets recognised at fair value		25	-488
Changes in working capital:			
Change in trade receivables and other receivables		10,597	-22,712
Change in inventories		-954	-3,736
Change in trade payables and other liabilities		-6,572	22,742
Change in provisions	29	-134	-29
Interests paid		-25,078	-21,787
Interests received		1,218	3,556
Taxes paid	11	-22,071	-14,586
Net cash flow from operating activities		158,838	144,633
Cash flow from investing activities:			
Purchase of property, plant and equipment	17	-222,272	-142,747
Purchase of intangible assets	16	-4,699	-5,106
Purchase of other assets	18	-2,001	0
Proceeds from sale of property, plant and equipment	17	3,980	612
Dividends received	10	306	1,335
Interests paid	10	-1,681	-3,136
Net cash flow from investing activities		-226,367	-145,905
Cash flow from financing activities:			
Withdrawal of loans		528,640	643,535
Repayment of loans		-444,489	-621,516
Dividends paid	26	-13,148	-10,751
Net cash flow from financing activities		71,003	11,269
Net change in cash and cash equivalents		3,474	9,996
Cash and cash equivalents 1 Jan		213,837	203,841
Cash and cash equivalents 31 Dec	22, 23	217,311	213,837

Notes are an integral part of the financial statements.

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**CONSOLIDATED KEY
INDICATORS**

		2013 IFRS	2012 IFRS	2011 IFRS	2010 IFRS	2009 IFRS
Extent of operations						
Turnover	million €	543.1	522.1	438.5	456.3	358.9
Capital expenditure, gross	million €	225.3	139.0	244.4	144.1	135.6
- of turnover	%	41.5	26.6	55.7	31.6	37.8
Research and development expense	million €	1.8	1.5	1.8	1.6	1.3
- of turnover	%	0.3	0.3	0.4	0.3	0.4
Personnel, average		277	269	263	260	251
Personnel, end of year		287	275	266	263	260
Salaries and bonuses, total	million €	19.0	18.2	17.2	17.2	16.0
Profitability						
Operating profit	million €	115.3	94.6	56.6	74.4	50.8
- of turnover	%	21.2	18.1	12.9	16.3	14.1
Profit before taxes	million €	87.3	88.3	34.2	56.3	33.2
- of turnover	%	16.1	16.9	7.8	12.3	9.3
Return on investment (ROI)	%	6.3	5.6	3.6	5.1	3.9
Return on equity (ROE)	%	15.0	12.4	6.5	8.7	5.7
Financing and financial position						
Equity ratio	%	29.5	27.3	25.7	28.6	27.2
Interest-bearing net borrowings	million €	1,076.7	1,030.3	1,020.2	855.2	797.5
Share-specific indicators						
Earnings per share	€	27,277.9	20,159.2	9,924.1	12,561.9	7,417.4
Dividend, series A shares	€	2,018.26*	5,115.89	3,962.52	2,018.26	2,022.29
Dividend, series B shares	€	2,018.26*	2,018.26	2,018.26	2,018.26	2,022.29
Dividend payout ratio, A-shares	%	7.4	25.4	39.9	16.1	27.3
Dividend payout ratio, B-shares	%	7.4	10.0	20.3	16.1	27.3
Equity per share	€	193,293	171,365	152,573	154,654	134,676
Number of shares at 31 Dec						
- Series A shares	qty	2,078	2,078	2,078	2,078	2,078
- Series B shares	qty	1,247	1,247	1,247	1,247	1,247
Total	qty	3,325	3,325	3,325	3,325	3,325

* The Board of Directors' proposal to the General Annual Meeting.

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CALCULATION OF KEY INDICATORS

Return on investment, %	=	$\frac{\text{Profit before taxes + interest and other finance costs}}{\text{Balance sheet total - non-interest-bearing liabilities (average for the year)}} \times 100$
Return on equity, %	=	$\frac{\text{Profit for the financial year}}{\text{Shareholders' equity (average for the year)}} \times 100$
Equity ratio, %	=	$\frac{\text{Shareholders' equity}}{\text{Balance sheet total - advances received}} \times 100$
Earnings per share, €	=	$\frac{\text{Profit for the financial year}}{\text{Average number of shares}}$
Dividends per share, €	=	$\frac{\text{Dividends for the financial year}}{\text{Average number of shares}}$
Dividend payout ratio, %	=	$\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$
Equity per share, €	=	$\frac{\text{Shareholders' equity}}{\text{Number of shares at closing date}}$
Interest-bearing net borrowings, €	=	Interest-bearing borrowings - cash and cash equivalents
Debt to equity ratio, %	=	$\frac{\text{Interest-bearing borrowings - cash and cash equivalents}}{\text{Shareholders' equity}} \times 100$

KEY INDICATORS PER QUARTER

		Q4/2013	Q3/2013	Q2/2013	Q1/2013	Q4/2012	Q3/2012	Q2/2012	Q1/2012
Turnover	M€	155.1	107.8	109.5	170.6	153.7	106.0	92.7	169.6
Operating profit	M€	36.5	9.9	-10.2	79.1	38.5	7.1	-5.1	54.2
Operating profit	%	23.5	9.2	-9.3	46.4	25.0	6.7	-5.5	32.0
		Q4/2011	Q3/2011	Q2/2011	Q1/2011	Q4/2010	Q3/2010	Q2/2010	Q1/2010
Turnover	M€	107.9	88.0	91.0	151.6	138.0	85.6	87.5	145.2
Operating profit	M€	17.1	-4.3	2.0	41.7	23.1	4.5	5.9	40.9
Operating profit	%	15.8	-4.8	2.2	27.5	16.7	5.3	6.8	28.1

INVESTMENTS, M€

	1-12/2013	1-12/2012
Grid investments	208.5	94.4

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Substations	95.3	44.0
Transmission lines	113.2	50.4
Investments in gas turbines	4.2	25.6
Existing gas turbine plants	0.4	2.3
New gas turbine plants	3.8	23.3
Other investments	12.6	19.0
ICT	9.4	10.7
Other	3.2	8.3
Total investments	225.3	139.0

**RESEARCH AND DEVELOPMENT
EXPENSES, M€**

	1-12/2013	1-12/2012
Research and development expenses	1.8	1.5

PERSONNEL

	1-12/2013	1-12/2012
Average	277	269
At year-end	287	275

COMMITMENTS AND CONTINGENT LIABILITIES, 1,000 €

	2013	2012
Pledges		
Pledge covering property lease agreements	9	47
Pledged account in favour of the Customs Office	280	280
Pledged account covering electricity exchange purchases	4,313	
	4,601	327
Unrecorded investment commitments	137,441	217,193
Other financial liabilities		
Counterguarantee in favour of an associated company	1,700	1,700
Rent security deposit, guarantee	38	
Credit facility commitment fee and commitment fee:		
Commitment fee for the next year	565	459
Commitment fee for subsequent years	1,170	1,218
	3,473	3,378

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DERIVATIVE INSTRUMENTS, 1 000 €									
	2013				2012				
Interest rate and currency derivatives	Fair value Pos. 31.12.13	Fair value Neg. 31.12.13	Fair net value 31.12.13	Nominal value 31.12.13	Fair value Pos. 31.12.12	Fair value Neg. 31.12.12	Fair net value 31.12.12	Nominal value 31.12.12	
	39,830	-9,225	30,605	366,033	78,713	-6,621	72,092	418,578	
Cross-currency swaps		-872	-872	135,347		-90	-90	2,837	
Forward contracts	11,939	-8,036	3,904	471,000	15,032	-9,733	5,299	406,000	
Interest rate swaps				350,000	2		2	810,000	
Interest rate options, bought	51,770	-18,133	33,637	1,322,381	93,747	-16,444	77,303	1,637,415	
Electricity derivatives	Fair value Pos. 31.12.13	Fair value Neg. 31.12.13	Fair net value 31.12.13	Nominal value 31.12.13	Fair value Pos. 31.12.12	Fair value Neg. 31.12.12	Fair net value 31.12.12	Nominal value 31.12.12	
Electricity forward contracts, designated as hedge accounting NASDAQ OMX Commodities		-18,091	-18,091	1.76		-16,844	-16,844	2.68	
Electricity forward contracts, not designated as hedge accounting NASDAQ OMX Commodities		-20,117	-20,117	2.21		-10,450	-10,450	1.20	
Total		-38,208	-38,208	3.97		-27,294	-27,294	3.88	

Interest rate options included in interest and currency derivatives are interest rate cap contracts with identical structures. The reference rate of the contract is the 6 month Euribor, and at the effective date a contract includes 6 or 8 caplets. The option premium has been paid in full to the counterparty at the contract date.

The electricity derivatives hedge future costs of energy losses.

The net fair value of derivatives indicates the realised profit/loss if they had been reversed on the last business day of 2013.

Maturity of derivative contracts

Nominal value, 1,000 €	2014	2015	2016	2017	2018	2018+	Total
Interest rate swaps	36,000	30,000	70,000	30,000	105,000	200,000	471,000
Interest rate options	130,000	220,000					350,000
Cross-currency swaps	40,081	90,714	148,081	51,285		35,872	366,033
Forward contracts	134,702	645					135,347
Total	340,784	341,359	218,081	81,285	105,000	235,872	1,322,381

TWh	2014	2015	2016	2017	2018	2018+	Total
Electricity derivatives	1.25	1.14	0.79	0.53	0.26		3.97
Total	1.25	1.14	0.79	0.53	0.26		3.97

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Shareholders by different categories	Number of shares qty	Of all shares %	Of votes %
Public organisations	1,767	53.14	70.86
Financial and insurance institutions	1,558	46.86	29.14
Total	3,325	100.00	100.00

Shareholders	Number of shares qty	Of all shares %	Of votes %
Republic of Finland	1,382	41.56	55.42
Mutual Pension Insurance Company Ilmarinen	661	19.88	17.15
Varma Mutual Pension Insurance Company	405	12.18	5.41
National Emergency Supply Agency	385	11.58	15.44
LocalTapiola Mutual Pension Insurance Company	150	4.51	2.01
Suomi Mutual Life Assurance Company	75	2.26	1.00
Pohjola Insurance Ltd	75	2.26	1.00
Mandatum Life Insurance Company Limited	54	1.62	0.72
LocalTapiola General Mutual Insurance Company	50	1.50	0.67
LocalTapiola Mutual Life Assurance Company	47	1.41	0.63
If P&C Insurance Company Ltd	25	0.75	0.33
ImatranSeudunSähköOy	10	0.30	0.13
Fennia Life Insurance Company	6	0.18	0.08
Total	3,325	100.00	100.00