

FINGRID OYJ
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27.10.2011, at 12.00 EET

FINGRID GROUP'S INTERIM REPORT 1 JANUARY - 30 SEPTEMBER 2011
Financial result

The Group's revenue between July and September was 88 million euros (86 million euros during the corresponding period in 2010). Other income was 0.7 million euros (0.5 million euros). Grid revenue was 36 million euros (36 million euros) and sales of imbalance power 34 million euros (32 million euros). IFRS profit before taxes was -6 million euros (2 million euros) between July and September.

The operating profit between January and September was 39 million euros (51 million euros), which contains, among other things, -3.1 million euros (+1.5 million euros) of changes in the fair value of electricity derivatives. The consolidated IFRS profit before taxes was 26 million euros (42 million euros), and the consolidated total comprehensive income was -4 million euros (39 million euros). The equity ratio of the Group was 27.1 (28.3) per cent at the end of the review period.

The Group's revenue was 331 million euros (318 million euros) between January and September. Other operating income was 2 million euros (3 million euros). Grid revenue grew on the previous year to 152 million euros (147 million euros) as a result of the 4.5 per cent increase in the grid tariff at the beginning of the year. Sales of imbalance power were 121 million euros (111 million euros). Fingrid's share of the European inter-TSO compensations was 15 million euros (14 million euros). Fingrid's cross-border transmission income on the connection between Finland and Russia remained at the same level as in the previous year. As of April 2010, Fingrid and the Estonian transmission system operator Elering AS have rented the cross-border transmission capacity of the Estlink 1 transmission connection between Finland and Estonia for use by the electricity market. Fingrid's congestion income on the interconnection between Finland and Estonia was 8.8 million euros (3.3 million euros). Fingrid's congestion income on the Nordic interconnections was 12 million euros (8 million euros). Unlike in 2010, Fingrid obtains congestion income only on the cross-border transmission interconnections between Finland and Sweden. Revenue and other income from January to September was 332 million euros (321 million euros).

Revenue and other operating income (million €)	1-9/11	1-9/10	7-9/11	7-9/10
Grid service revenue	151.5	147.3	36.4	35.8
Sales of imbalance power	120.6	110.8	33.6	31.7
ITC income	14.7	14.5	1.5	4.8
Cross-border transmission Finland-Estonia congestion income**	17.5	17.6	5.2	5.3
Peak load reserve	8.8	3.3	0.5	1.7
Finland-Sweden congestion income	2.5	11.5	0.0	3.4
Other revenue	11.7	7.9	9.5	1.3
	3.3	5.4	1.2	1.6
Other operating income	1.7	2.6	0.7	0.5
Revenue and other operating income total	332.3	320.9	88.7	86.1

The purchases of imbalance power were 109 million euros (96 million euros) between January and September. The electricity transmission losses were 47 million euros (47 million euros). The reserve costs rose to 21 million euros (16 million euros). The depreciation costs and personnel costs increased slightly from the previous year, while the maintenance management costs of the grid decreased. The total costs from January to September were 289 million euros (271 million euros).

Costs (million €)	1-9/11	1-9/10	7-9/11	7-9/10
Purchase of imbalance power	109.4	96.2	30.4	26.2
Purchase of loss energy	46.9	46.7	16.6	12.0
Depreciation	50.3	49.9	16.8	16.6
Finland-Estonia grid rents**	8.6	3.2	0.4	1.6
Reserves	21.2	16.0	9.7	5.2
Personnel	14.5	14.1	4.3	4.0
Peak load reserve	2.5	9.6	0.0	3.1
Maintenance management	11.2	12.8	4.0	3.7
ITC charges	8.5	7.4	3.7	3.0
Other costs	16.4	15.4	5.2	5.4
Costs total	289.4	271.2	91.2	80.8
Operating profit*	42.8	49.7	-2.5	5.3

* Excluding the change in the fair value of derivatives

**Fingrid's congestion income between Finland and Estonia was 8.8 million euros. The costs, i.e. the grid rents between Finland and Estonia, were 8.6 million euros, which was paid to the owners of the Estlink transmission connection. The difference of 0.3 million euros received by Fingrid was created during disturbances on the Estlink connection.

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.

Fingrid has decided to raise the grid fees by an average of 30 per cent at the beginning of 2012. Fingrid is preparing to make capital investments of 1,700 million euros in new transmission connections and reserve power plants in the next 10 years. The new contract period starting at the beginning of 2012 will extend over four years, but the grid fees will be reviewed annually.

Capital expenditure

The new electricity transmission link between Finland and Sweden, Fenno-Skan 2, is about to be ready. The installation of the submarine cable to the bottom of the sea was completed in July, and the project went on to the testing stage in the early autumn. The submarine cable link will be ready and available to the electricity market in December 2011. Once completed, Fenno-Skan 2 will increase the transmission capacity between Finland and Sweden by some 40 per cent.

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Fingrid's other major projects are also progressing as planned. Earthwork for the EstLink 2 transmission connection has been completed, and transmission line and construction work started in the summer of 2011. The EstLink 2 connection due to be ready in 2014 will almost triple the transmission capacity between Finland and Estonia. The main machinery has been installed at the Forssa reserve power plant, which will add to system security, and construction work has progressed to the final stages. The Forssa reserve power plant will be ready in 2012. The erection of towers on the Yliskälä-Huutokoski 400 kilovolt transmission line, which will reinforce the transmission capacity and system security in Eastern Finland, has been launched, and the construction of substations has commenced. This project will be finalised in 2013.

The new 110 kV substation at Tuovila plus the related transmission lines including the new Tuovila-Seinäjoki 110 kV line have been commissioned in Western Finland. The commissioning process with the demanding outage and conductor arrangements was carried out in July to September 2011.

Fingrid has made a decision to renew the Tihisenniemi-Katerma 110 kV transmission line. The modernisation of this line is part of the upgrading of the transmission system in the Kainuu region. The transmission line will be renewed because of its poor condition, insufficient transmission capacity, structural susceptibility to disturbances, and voltage quality problems. The length of the line due to be completed by the end of 2014 is 69 km. The company has made decisions concerning the procurement of basic maintenance for substations and transmission lines for 2012 to 2014.

At the Farmari 2011 agricultural exhibition in Pori, Fingrid presented a new type of a transmission line tower, which makes more arable land available for cultivation and facilitates the safe tillage of soil. The new field towers will be used for the first time in a project starting in 2012.

The Group's gross capital expenditure between July and September was 58 million euros (24 million euros during the corresponding period in 2010). Gross capital expenditure between January and September totalled 168 million euros (87 million euros).

Power system operation

Electricity consumption in Finland between July and September totalled 18.2 terawatt hours (18.5 TWh during the corresponding period in 2010). A total of 14.6 TWh of electricity was transmitted in Fingrid's grid during the same period, representing 80 per cent of the electricity consumption in Finland. Between July and September, electricity consumption in Finland decreased by 1.9 per cent from the corresponding period in 2010. This was mostly due to a decrease in industrial consumption during the review period. Between January and September, electricity consumption in Finland reduced by 0.7 per cent to 68.2 TWh (63.3 TWh).

In electricity transmissions between Finland and Sweden, exports from Finland to Sweden were in majority during the early part of the year, but from June onwards these changed to abundant imports to Finland. Construction work on the Fenno-Skan 2 transmission link has occasionally restricted the capacity offered to the electricity market. Between July and September, 3.1 TWh of electricity was imported from Sweden to Finland (1.5 TWh), and 0.0 TWh (0.4 TWh) was exported from Finland to Sweden.

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Between January and September, 3.8 TWh of electricity was imported from Sweden to Finland (2.1 TWh), and 3.3 TWh (4 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, but these turned to a majority of exports from Finland during the summer. The volume of electricity imported from Estonia to Finland between July and September was 0.1 TWh (0.2 TWh), and 0.2 TWh (0.2 TWh) was exported from Finland to Estonia between July and September. The volume of electricity imported from Estonia to Finland between January and September was 1.4 TWh (1.4 TWh), and 0.2 TWh (0.2 TWh) was exported from Finland to Estonia.

Almost the full electricity import capacity from Russia was in use until the early autumn, after which the imports have occasionally been below the volume allowed by the transmission capacity. In July and August, the import capacity was restricted by maintenance work at the Vyborg direct current substation and in the Russian grid. Electricity imports from Russia to Finland between July and September were 2.3 TWh (2.3 TWh), and between January and September 8.5 TWh (8.3 TWh).

Power system operation	1-9/11	1-9/10	7-9/11	7-9/10
Electricity consumption in Finland TWh	62.8	63.3	18.2	18.5
Fingrid's transmission volume TWh	48.0	49.8	14.6	15.0
Fingrid's loss energy volume TWh	0.9	0.9	0.3	0.2
Electricity transmissions Finland-Sweden				
exports to Sweden TWh	3.3	4.0	0.0	0.4
imports from Sweden TWh	3.8	2.1	3.1	1.5
Electricity transmissions Finland-Estonia				
exports to Estonia TWh	0.2	0.2	0.2	0.2
imports from Estonia TWh	1.4	1.4	0.1	0.2
Electricity transmissions Finland-Russia				
imports from Russia TWh	8.5	8.3	2.3	2.3

Electricity market

The average price (system price) in Nord Pool's spot market between July and September was 35.95 euros per megawatt hour (45.90 €/MWh during the corresponding period in 2010), and the area price for Finland was 43.35 €/MWh (47.72 €/MWh). Between January and September, the average price in Nord Pool's spot market was 51.43 €/MWh (50.20 €/MWh), and the area price for Finland was 53.37 €/MWh (53.70 €/MWh).

The past summer and autumn were very rainy in Southern Norway. Norway produced much more electricity than what was consumed there. The primary Nordic transmission connections were used at full capacity. Congestions in the transmission grid restricted

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electricity trade considerably, also on the border between Finland and Sweden. Between January and September, there were restrictions in 24.5 per cent of the time (7.2 per cent). The congestion income on the border between Finland and Sweden, resulting from the transmission congestions, totalled 23 million euros (7.9 million euros) between January and September. Of this, Fingrid's share was one half.

The area prices of Finland and Estonia have differed from each other in 50.4 per cent of the time, which was 38.3 percentage points less than in the second quarter of 2011.

Fingrid's counter trade costs between January and September were approx. 1 million euros (0.1 million euros).

A possibility to direct electricity exchange trade was made available to the sales of electricity from Russia to Finland. In this arrangement, an importer of electricity can sell electricity directly to the Nordic electricity exchange. Direct exchange trade is a first step towards more market-focused procedures in electricity trade between Russia and Finland and at the same time between Russia and the EU. In the early stages, the volume of direct trade is relatively small, at the most 100 megawatts, while in conventional bilateral trade it is 1,200 megawatts. So far, trading is only available from Russia to Finland.

Electricity market	1-9/11	1-9/10	7-9/11	7-9/10
Nord Pool system price, average €/MWh	51.43	50.18	35.95	45.90
Area price Finland, average €/MWh	53.37	53.67	43.35	47.72
Congestion income in the Nordic countries million €*	74.4	160.0	43.0	16.7
Congestion income between Finland and Sweden million €*	23.0	7.9	19.0	2.2
Congestion hours between Finland and Sweden %*	24.5	7.2	46.6	1.1
Congestion income between Finland and Estonia million €*	17.8	6.5	0.9	3.4
Congestion hours between Finland and Estonia %*	50.4	44.4	12.5	24.9

*From 6 December 2010, Fingrid receives Nordic congestion income only from the congestion income accrued between Finland and Sweden. Fingrid's congestion income between Finland and Estonia was 8.8 million euros. The costs, i.e. the grid rents between Finland and Estonia, were 8.6 million euros, which was paid to the owners of the Estlink transmission connection (the difference of 0.3 million euros received by Fingrid was created during disturbances on the Estlink connection). The income and costs of both transmission connections are presented in the tables under Financial result.

Financing

The net financial costs of the Group between July and September were 1 million euros (2 million euros during the corresponding period in 2010). The net financial costs between January and September were 14 million euros (10 million euros), including the positive change of 1 million euros (2 million euros negative) in the fair value of derivatives. Financial assets recognised at fair value in the income statement, and cash and cash

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equivalents amounted to 202 million euros (202 million euros) at 30 September 2011. Moreover, the company has an undrawn revolving credit facility of 250 million euros.

The financial position of the Group continued to be satisfactory. The net cash flow from the operations of the Group deducted by capital expenditure and dividends was 88 million euros negative (-13 million euros) between January and September. The interest-bearing borrowings totalled 1,141 million euros (1,041 million euros), of which 707 million euros (697 million euros) were long-term and 434 million euros (344 million euros) were short-term.

The counterparty risk involved in the derivative contracts relating to financing was 54 million euros (51 million euros).

Personnel

The total personnel of the Fingrid Group averaged 265 (261) during the review period.

Auditing

The consolidated figures in this Interim Report are unaudited.

Outlook for the remaining part of the year

International rating agency Standard & Poor's Rating Services (S&P) updated Fingrid Oyj's credit ratings on 24 October 2011. S&P kept the ratings unchanged. The long term credit rating is AA- and the short-term rating is A-1+. Fingrid Oyj's outlook continues to be stable.

On 20 October 2011, international credit rating agency Fitch Ratings downgraded Fingrid Oyj's senior unsecured debt rating to A+ from AA- and Long-term Issuer Default Rating (IDR) to A from A+. Short-term IDR remained at F1. The agency rated the Outlook on the Long-term IDR and changed it from Negative to Stable.

The profit of the Fingrid Group for the entire accounting period without the change in the fair value of derivatives is expected to decrease from the level of 2010. However, it is difficult to estimate the financial result for the entire year, because the congestion income cannot be anticipated.

Board of Directors

Appendices: Tables for the interim report 1 January - 30 June 2011

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Appendices: Tables for the Interim Report 1 January - 30 September 2011

Condensed consolidated statement of comprehensive income, million euros	2011 Jan-Sep	2010 Jan-Sep	Change	2011 Jul-Sep	2010 Jul-Sep	Change	2010 Jan-Dec
Revenue	330.6	318.3	12.3	88.0	85.6	2.4	456.3
Other operating income	1.7	2.6	-0.9	0.7	0.5	0.1	7.0
Depreciation and amortisation expense	-50.3	-49.9	-0.5	-16.8	-16.6	-0.2	-66.8
Operating expenses	-242.5	-219.7	-22.8	-76.2	-65.0	-11.1	-322.1
Operating profit	39.5	51.3	-11.8	-4.3	4.5	-8.8	74.4
Finance income and costs	-13.6	-9.6	-4.0	-1.1	-2.3	1.1	-18.5
Portion of profit of associated companies	0.0	0.2	-0.2	-0.2	0.0	-0.2	0.4
Profit before taxes	25.9	41.9	-16.0	-5.6	2.3	-7.9	56.3
Income taxes	-6.7	-10.9	4.1	1.4	-0.6	2.0	-14.6
Profit for the period	19.2	31.1	-11.9	-4.2	1.7	-5.9	41.8
Other comprehensive income							
Cash flow hedges	-23.3	7.9	-31.2	-6.4	1.5	-7.9	31.2
Translation reserve	0.2	0.1	0.0	0.4	0.0	0.3	0.2
Available-for-sale financial assets							0.0
Total comprehensive income for the year	-4.0	39.1	-43.1	-10.3	3.2	-13.5	73.2
Profit attributable to:							
Equity holders of the company	19.2	31.1	-11.9	-4.2	1.7	-5.9	41.8
Total comprehensive income attributable to:							
Equity holders of the company	-4.0	39.1	-43.1	-10.3	3.2	-13.5	73.2
Earnings per share (euros)* belonging to the owners of the parent company, calculated from profit	5 761	9 344	-3 584	- 1 261	512	- 1 773	12 562

* no dilution effect

Condensed consolidated balance sheet, million euros	2011 30 Sep	2010 30 Sep	Change	2010 31 Dec
ASSETS				
Non-current assets				
Goodwill	87.9	87.9	0.0	87.9
Intangible assets	89.1	89.6	-0.5	89.7
Property, plant and equipment	1 360.8	1 217.7	143.1	1 253.3
Investments	8.1	7.8	0.3	8.1
Receivables	59.2	54.8	4.5	90.3
Current assets				
Inventories	5.6	5.7	-0.1	6.1
Receivables	52.0	39.8	12.2	57.9
Financial assets recognised in income statement at fair value	201.0	201.7	-0.7	217.9
Cash and cash equivalents	0.4	0.2	0.2	3.8
Total assets	1 864.2	1 705.2	159.0	1 814.9
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity belonging to the owners of the parent company				
Shareholders' equity	503.5	480.2	23.4	514.2
Non-current liabilities				
Non-current interest-bearing liabilities	707.0	697.1	9.9	877.5
Other non-current liabilities	165.7	145.0	20.7	151.3
Current liabilities				
Current interest-bearing liabilities	433.9	344.3	89.6	199.8
Trade and other payables	54.1	38.7	15.5	72.1
Total shareholders' equity and liabilities	1 864.2	1 705.2	159.0	1 814.9

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Key indicators, million euros	2011 Jan -Sep	2010 Jan - Sep	2010 Jan - Dec
Revenue	330.6	318.3	456.3
Capital expenditure, gross	168.0	87.4	144.1
- % of revenue	50.8	27.5	31.6
Research and development expenses	1.2	0.9	1.6
- % of revenue	0.3	0.3	0.3
Personnel, average	265	261	260
Operating profit	39.5	51.3	74.4
- % of revenue	11.9	16.1	16.3
Profit before taxes	25.9	41.9	56.3
- % of revenue	7.8	13.2	12.3
Interest bearing liabilities, net*	939.5	839.4	855.2
Equity ratio, %*	27.1	28.3	28.6
Shareholders' equity, million euros*	503.5	480.2	514.2
Equity per share, euros*	151 433	144 407	154 654
Earnings per share, euros*	5 761	9 344	12 562

* 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 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
Comprehensive income						
Profit or loss					10.7	10.7
Other comprehensive income						
Cash flow hedges			23.3			23.3
Translation reserve				0.1		0.1
Available-for-sale financial assets			0.0			0.0
Total other comprehensive income			23.3	0.1		23.4
Total comprehensive income			23.3	0.1	10.7	34.1
Capital and reserves 1 Jan 2011	55.9	55.9	19.8	0.3	382.3	514.2
Comprehensive income						
Profit or loss					19.2	19.2
Other comprehensive income						
Cash flow hedges			-23.3			-23.3
Translation reserve				0.2		0.2
Total other comprehensive income			-23.3	0.2		-23.2
Total comprehensive income			-23.3	0.2	19.2	-4.0
Transactions with owners						
Dividends relating to 2010					-6.7	-6.7
Capital and reserves 30 Sep 2011	55.9	55.9	-3.6	0.5	394.7	503.5

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Condensed consolidated cash flow statement, million euros	2011 Jan-Sep	2010 Jan-Sep	2010 Jan-Dec
Cash flow from operating activities			
Profit for the financial year	19.2	31.1	41.8
Adjustments	74.0	68.1	96.7
Changes in working capital	0.4	0.1	-4.5
Impact of changes in fair value of investments	0.2	0.0	-0.1
Interests paid	-12.6	-12.6	-19.5
Interests received	2.1	1.5	2.2
Taxes paid	-1.7	-1.6	-1.8
Net cash flow from operating activities	81.7	86.6	114.8
Cash flow from investing activities			
Purchase of property, plant and equipment	-161.5	-89.6	-138.0
Purchase of intangible assets	-1.8	-3.8	-4.8
Purchase of other assets		0.0	0.0
Proceeds from sale of property, plant and equipment		0.9	0.9
Dividends received	0.2	0.0	0.0
Contributions received			15.0
Net cash flow from investing activities	-163.2	-92.5	-126.9
Cash flow from financing activities			
Withdrawal of loans	433.1	257.6	475.7
Repayment of loans	-365.2	-246.9	-439.1
Dividends paid	-6.7	-6.7	-6.7
Net cash flow from financing activities	61.2	4.0	29.9
Net change in cash and cash equivalents	-20.2	-1.9	17.8
Cash and cash equivalents 1 Jan	221.7	203.9	203.9
Cash and cash equivalents 30 Jun	201.4	202.0	221.7

Derivative agreements, million euros	30 Sep 2011		30 Sep 2010		31 Dec 2010	
	Net fair value	Notional value	Net fair value	Notional value	Net fair value	Notional value
Interest and currency derivatives						
Cross-currency swaps	53	395	46	432	48	426
Forward contracts	-1	49	0	3	0	2
Interest rate swaps	0	301	0	241	-1	241
Call options, bought	2	880	4	740	8	880
Total	54	1 626	51	1 416	56	1 549
	Net fair value	Volume TWh	Net fair value	Volume TWh	Net fair value	Volume TWh
Electricity derivatives						
Electricity forward contracts, NASDAX OMX Commodities designated as hedge accounting	-8	3.87	-6	3.64	26	3.66
Electricity forward contracts, NASDAX OMX Commodities	0	0.01	0	-0.01	0	0.03
Forward contracts of electricity, others					0	
Total	-8	3.87	-6	3.63	27	3.69

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Commitments and contingencies, million euros	30 Sep 2011	30 Sep 2010	31 Dec 2010
Pledges / bank balances	0	0	2
Rental liabilities	26	7	28
Commitment fee of revolving credit facility	2	0	0
Total	28	7	30
Capital commitments	294	248	385
Other financial liabilities	2	2	2

Changes in property, plant and equipment, million euros	30 Sep 2011	30 Sep 2010	31 Dec 2010
Carrying amount at beginning of period	1 253	1 181	1 181
Increases	156	84	137
Decreases		1	0
Depreciation and amortisation expense	-48	-48	-64
Carrying amount at end of period	1 361	1 218	1 253

Related party transactions and balances, million euros	30 Sep 2011	30 Sep 2010	31 Dec 2010
Sales	75	83	111
Purchases	108	100	144
Receivables	2	6	12
Liabilities	1	0	2

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 2010.

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.