17 February 2009

English translation

FINGRID OYJ

ANNUAL REVIEW AND FINANCIAL STATEMENTS

1 January 2008 - 31 December 2008

17 February 2009

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REPORT OF THE BOARD OF DIRECTORS

Operating environment

Power system operation

In 2008, electricity consumption in Finland decreased by 3.8 per cent on the previous year, to 86.9 terawatt hours (90.3 terawatt hours in 2007). The winter with exceptionally mild weather decreased electricity consumption. The economic recession in the autumn also decreased the need for electricity by industries. A total of 65.4 terawatt hours (68.2) of electricity was transmitted in Fingrid's grid, representing 75 per cent of the electricity consumption in Finland.

A total of 3.7 terawatt hours of electricity was imported from Sweden into Finland (4 terawatt hours in 2007), and 4.2 terawatt hours (3.7) was exported from Finland into Sweden in 2008.

Electricity transmissions from the Baltic countries on the Estlink connection from Estonia mainly consisted of imports into Finland. The import volume on this connection was 2.3 terawatt hours (1.9).

Electricity imports from Russia into Finland totalled 10.9 terawatt hours (10.2) in 2008.

Power system operation	**2008**	**2007**
Electricity consumption in Finland TWh	86.9	90.3
Fingrid's transmission volume TWh	65.4	68.2
Electricity transmissions Finland-Sweden		
exports to Sweden TWh	4.2	3.7
imports from Sweden TWh	3.7	4.0
Electricity transmissions Finland-Estonia		
imports from Estonia TWh	2.3	1.9
Electricity transmissions Finland-Russia		
imports from Russia TWh	10.9	10.2

Promotion of electricity market

There were no problems in the transmission connections between Finland and Sweden. In practice, the two countries constituted a uniform wholesale market area of electricity, with the same spot price for 98 per cent of the time. Only 0.5 per cent of all congestion income accumulated on the border between Finland and Sweden. This income totalled more than 240 million euros in the Nordic countries. The most significant restrictions in the available electricity transmission capacity existed in the cables running at the bottom of the Oslo Fjord and on the Skagerrak connection between Southern Norway and Jutland in Denmark.

The average price of electricity on the spot market in 2008 was 45 €/MWh (28 €/MWh in 2007), while transmission congestions raised the area price in Finland to a level of 51 €/MWh (30 €/MWh).

The integration of the European electricity market is progressing swiftly in line with the establishment of the new European organisation ENTSO-E. From the transmission system operators (TSOs), the new organisation calls for greater input in the development of the market and market rules in Europe.

An agreement on the harmonisation of balance service was reached between the Nordic countries, and the new procedure was introduced at the beginning of 2009. The main changes include the handling of electricity balances in two different balances – production and consumption balance – and the harmonisation of costs included in balance service. A so-called two-price model is applied to the balance deviation in the production balance, and a single-price model is applied to the balance deviation in the consumption balance.

Electricity market	**2008**	**2007**
Nord Pool system price, average €/MWh	44.74	27.93
Area price Finland, average €/MWh	51.02	30.01
Congestion income in the Nordic countries million €	244.1	173.6
Congestion income between Finland and Sweden million €	1.3	2.7
Congestion income between Finland and Sweden %	1.6	0.5
Fingrid's share of the congestion income in the Nordic countries million €	23.2	22.6

Capital expenditure and grid maintenance

Construction of the Finnish grid continued actively throughout the year. There will also be significant construction projects in the coming years, because Fingrid is making capital investments totalling 1,600 million euros in the transmission grid and reserve power over the next 10 years. This will enable the connection of one large nuclear power unit and 2,000 megawatts of geographically decentralised wind power capacity to the Finnish grid by 2020 as well as the renewal of ageing parts of the grid.

One of the most important projects completed in 2008 was the Ulvila-Kangasala 400 kilovolt (kV) transmission connection, which reinforces electricity transmission from the west coast to Pirkanmaa. Moreover, the 110 kV line between Kankaanpää and Lålby in Western Finland was renewed. In all, some 40 construction projects on the main grid were in progress.

Alongside the Nordic analysis, the viability of three transmission connections between the Baltic countries and Poland as well as between the Baltic countries and the Nordic countries was studied. The first stage of the study was completed at the turn of 2008 and 2009. The study concerned a new transmission connection Estlink 2 between Finland and Estonia, a link between Sweden and the Baltic countries, and a connection between Lithuania and Poland. In order to maintain the security of electricity supply in the Baltic area, the EU established a group consisting of the EU member states in the area of the

Baltic Sea to think of ways in which to develop the electricity market and transmission connections in the area over a long time span (Baltic Interconnection Plan). Fingrid contributes actively to the work of this group.

Fingrid's gross capital expenditure in 2008 was 88 (79) million euros. Of this amount, a total of 81 million euros were used for the transmission grid and 5 million euros for reserve power. IT-related capital expenditure was approximately 2 million euros.

Research and development were allocated a total of 0.9 million euros. A significant portion of this was used for projects related to the monitoring and damping of low-frequency power oscillations; these projects have continued for several years. Projects aiming at a more detailed specification of system security, improved system security and establishing the impacts of wind power on the power system progressed through post-graduate studies. Research pertaining to electromagnetic fields continued within several different projects.

Financial result

Revenue of the Fingrid Group in 2008 was 382 million euros (335 million euros in 2007). Other operating income was 3 million euros (2 million euros). Grid revenue decreased slightly despite the 4.5 per cent tariff increase carried out at the beginning of the financial year. This was mainly due to the rapid decline in global economy, which is why electricity consumption by Finnish industries went down quickly towards the end of the year.

Revenue from the sales of balance power grew from the previous year to 105 (64) million euros. Correspondingly, the purchases of balance power also grew to 95 (59) million euros. This was mainly due to the elevated sales prices and purchase prices of balance power. Cross-border transmission income and peak load power income remained almost at the same level as in 2007. ITC or inter-TSO compensations between the European TSOs grew by 4 million euros. Depreciation, loss energy, reserve power and personnel costs rose slightly. Income and costs related to the feed-in tariff for peat decreased. The corresponding changes during the last quarter of the financial year are shown in the table below (in million euros).

Revenue	**1-12/08**	**1-12/07**	**9-12/08**	**9-12/07**
Grid service revenue	189	190	53	55
Sales of balance power	105	64	28	23
Cross-border transmission	22	23	6	6
ITC income	23	19	7	8
Peak load power	11	10	3	3
Feed-in tariff for peat	0.4	2	0.1	1
Congestion income	23	23	2	4
Other operational revenue and other income	11	6	3	1
Revenue and other income total	385	336	103	101

Costs	1-12/08	1-12/07	9-12/08	9-12/07
Depreciation	59	56	15	17
Purchase of balance power	95	59	27	22
ITC charges	16	16	4	3
Peak load power	10	10	3	3
Feed-in tariff for peat	0.1	1.5	0.0	1.5
Purchase of loss energy	50	47	13	12
Reserves	20	18	5	5
Maintenance management	16	16	6	5
Personnel	20	19	6	6
Other costs	17	16	5	5
Costs total	302	258	84	78

Operating profit excluding the change in the fair value of electricity derivatives was 83 (79) million euros during the financial year. In the last quarter, operating profit excluding the change in the fair value of electricity derivatives was 19 (23) million euros.

The IFRS operating profit of the Group was 68 (91) million euros. Fingrid introduced hedge accounting in Group reporting for electricity derivatives as of 1 July 2007.The prices of electricity derivatives decreased significantly during the last quarter of the financial year, and of the negative change in the fair value of electricity derivatives, 58 million euros, 14 million euros (+12) were recognised in the income statement and a total of 44 million euros in equity and deferred tax receivables.

The Group's profit for the year was 28 (42) million euros.

The return on investment was 5.8 (7.3) per cent and the return on equity 6.6 (10.3) per cent. The equity ratio was 26.7 (27.5) per cent at the end of the review period. Revenue of the parent company was 382 (333) million euros and profit for the financial year 6 (4) million euros.

Financing

The financial position of the Group continued to be satisfactory. The international crisis in the financial market has increased the margins of corporate funding considerably. Fingrid did not issue new bonds or withdraw long-term loans in 2008. As a result of the global recession, both short-term and long-term interest rates decreased during the last quarter of the financial year. The uncertain situation in the money and capital markets continues, and it is difficult to anticipate its time frame.

The net financial costs excluding the change in the fair value of derivatives decreased to 29 million euros (31 million euros in 2007) during the review period. Interest income was 11 (9) million euros. The net financial costs in accordance with IFRS were 31 (35) million euros, including the negative change in the fair value 2 (-4) million euros.

The cash flow from the operations of the Group deducted by capital expenditure and dividends was 20 (13) million euros.

The financial assets at 31 December 2008 totalled 206 (212) million euros. The interest-bearing liabilities, including derivative liabilities, totalled 933 (967) million euros, of which 678 (766) million euros were long-term and 255 (200) million euros were short-term. The counterparty risk arising from in the currency derivative contracts and interest rate derivative contracts was 10 (5) million euros.

The company has a fully undrawn revolving credit facility of 250 million euros.

Moody's Investors Service updated Fingrid's credit opinion on 29 January 2008. The rating was unchanged. Moody's long-term rating is Aa3 and the short-term rating is P-1. Standard & Poor's Rating Services updated Fingrid's credit opinion on 11 July 2008. The long-term rating assigned by Standard & Poor's is A+ and the short-term rating is A-1. On 23 October 2007, Fitch Ratings assigned Fingrid Oyj a long-term issuer default rating (IDR) of AA- (AA minus), a short-term IDR of F-1+ and a senior unsecured debt rating of AA. All three rating agencies assess Fingrid's outlook to be stable.

Personnel and rewarding systems

The Fingrid Group and Fingrid Oyj employed 249 persons, including temporary employees, at the end of 2008. The corresponding figure a year before was 244 persons.

Of the personnel employed by the company, 21 per cent (22 per cent in 2007) were women and 79 (78) per cent were men at the end of the year. Among permanent personnel, those in age group 24 - 29 years of age numbered 30 (25) in 2008, 30 - 34 years 34 (35), 35 - 39 years 38 (28), 40 - 44 years 31 (40), 45 - 49 years 37 (37), 50 - 54 years 37 (27), 55 - 59 years 26 (30), and age group 60 - 65 years 16 (16).

During 2008, a total of 11,820 (9,337) hours were used for personnel training, with an average of 49 (38) hours per person. Employee absences on account of illness in 2008 accounted for 2 per cent of the total working hours, which was at the same level as in 2007. In addition to a compensation system which is based on the requirements of each position, Fingrid applies quality and incentive bonus schemes.

Board of Directors and corporate management

Fingrid Oyj's Annual General Meeting was held in Helsinki on 18 March 2008. Arto Lepistö, Industrial Counsellor, was elected as the Chairman of the Board, Timo Rajala, President and CEO, as the First Deputy Chairman of the Board, and Timo Karttinen, Senior Vice President, as the Second Deputy Chairman of the Board. The other Board members elected were Ari Koponen, Managing Director, Ritva Nirkkonen, Managing Director, Anja Silvennoinen, Vice President, Energy, and Jorma Tammenaho, Portfolio Manager.

PricewaterhouseCoopers Oy was elected as the auditor of the company, with Authorised Public Accountant Juha Tuomala serving as the responsible auditor.

Jukka Ruusunen serves as the President & CEO of the company.

Corporate governance

In its business, Fingrid Oyj adheres to the Corporate Governance Code 2008.

Fingrid's shareholders have the supreme power of decision in the general meeting which elects the Board of Directors annually. Fingrid's Board of Directors takes care of corporate administration. The Board of Directors decides on significant strategic policy decisions and approves the principles related to the management system of the company. The Board approves annually the action plan and budget and reviews the risks relating to the company's operations and the management of such risks. Moreover, the Board appoints the CEO of the company and approves its basic organisation and composition of the executive management group. The CEO is responsible for the operations of the company, assisted by the executive management group. The working order of the Board specifies the course of procedure of the above issues in more detail. The working order of the Board is available on the company's website.

Assisted by an outside consultant, the Board of Directors implemented a development process for the work of the Board in 2008. As part of this process, the operations were reviewed comprehensively, and a decision was made to rearrange the meetings of the Board.

The Board had eight meetings during the financial year, two of these being audio conferences. The attendance rate of the members was 93 per cent.

The Board of Directors has two committees: audit committee, and remuneration and nomination committee. The committees have rules of procedure confirmed by the Board of Directors. The rules of procedure are available on the company's website.

The members of the audit committee in 2008 were Ritva Nirkkonen (Chairperson), Arto Lepistö, Anja Silvennoinen and Jorma Tammenaho. The audit committee had three meetings during the year. The attendance rate of the members was 92 per cent. The committee is appointed by the Board of Directors and it assists the Board. The audit committee prepares, guides and assesses internal control, auditing, risk management, and financial reporting.

The remuneration and nomination committee consists of Arto Lepistö (Chairman), Timo Rajala and Timo Karttinen. The remuneration and nomination committee is appointed by the Board of Directors and it assists the Board. This committee approves the remuneration to be paid to the CEO and other members of the executive management group on the basis of principles specified by the Board of Directors. The committee also prepares the appointments of the CEO, deputy CEO and persons belonging to the executive management group as well as surveys their successors. The committee had two meetings during the year. The attendance rate of the members was 100 per cent.

Deviation from Corporate Governance Code: the Corporate Governance Code requires that the majority of the Board members must be independent of the company, and at least two of the members representing this majority must be independent of significant shareholders of the company. Fingrid's Board of Directors has considered that of the seven Board members, Arto Lepistö, Ritva Nirkkonen and Jorma Tammenaho are independent of the company. Ritva Nirkkonen, Anja Silvennoinen and Jorma Tammenaho are independent of the significant shareholders.

The Board of Directors considers that the objective and professional handling of matters by the Board has been ensured. In addition to the stipulations laid down in the Finnish Companies Act, Securities Markets Act and corresponding general regulations, Fingrid's decision making is especially subject to obligations prescribed by the Electricity Market Act concerning the unbiased treatment of customers and an obligation to develop the market with a view to the overall interests. Vital matters having bearing on Fingrid's customer interface are prepared by the company's Advisory Committee. Moreover, Fingrid's Articles of Association, ownership contracts and principles concerning the work of the Board of Directors ensure objective handling of matters.

In accordance with the Corporate Governance Code, the members of the audit committee should be independent of the company. The Board of Directors considers it important that practical expertise in the energy industry is also represented in the audit committee, which is why it is deemed necessary that Anja Silvennoinen is a member of the audit committee. In accordance with the Corporate Governance Code, a majority of the members of the nomination committee should be independent of the company. Of the members of the remuneration and nomination committee, Arto Lepistö is independent of the company. The Board of Directors considers that the composition of the committee ensures such handling of the matters that leads to an optimum outcome in view of the shareholders and the company.

Unlike what has been stated in the Code, the remuneration and nomination committee does not prepare the appointments of Board members.

Risk management, internal supervision, internal auditing

The Board of Directors approves the main risk management principles and any changes in these. The Board approves the risk management measures as part of the corporate strategy, performance indicators, action plan and budget. The audit committee of the Board of Directors obtains an annual report of the foremost risks pertaining to the company's operations and of their management. The internal auditor monitors issues such as the internal rules of the company and reports his findings to the audit committee. Internal auditing is also responsible for internal supervision and for auditing business risk management, and it reports the results of this work to the audit committee. The audit committee reports to the Board of Directors.

With regard to the foremost risks, the main content of risk management is specified as part of the strategy work of the executive management group, in the operating principles, and in the procedural guidelines. These risks are monitored, co-ordinated and managed by the executive management group, but each function and/or business process is responsible for implementing its own risk management. The executive management group identifies and assesses regularly the strategic risks pertaining to personnel and expertise, corporate finances, customers and stakeholders, and business processes. The financial administration of the Group is responsible for the control structures relating to the financial reporting process.

The foremost business risks of the company are risks relating to the functioning of the power system, risks relating to regulation, risks relating to electrical safety and the environment, price risk of electricity, interest rate risk, and counterparty risk. In its selected strategic focal areas, Fingrid has taken the management of these risks into account.

Fingrid is prepared for a wide-spread disturbance concerning Finland or the Nordic power system by means of various reserves, procedural guidelines, contingency plans, and exercises. In its strategy, the company also focuses on the versatile utilisation of the upgraded operation control system, expedited disturbance management, and management of power shortage situations. A wide-spread 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, or an external event which prevents grid operation entirely or partially.

Fingrid's operations are subject to a licence and supervised by the Energy Market Authority. Changes in Finnish or European regulation may cause negative impacts on the company's financial position or its opportunities to carry out the objectives relating to the development of the electricity market.

The company's strategic focal areas include consolidated Nordic co-operation and its adaptation to the increasingly European electricity market, improved financial control, and constant assessment of financial latitude.

In order to control damage and health risks relating to high-voltage transmission lines and substations, Fingrid is drawing up a risk and vulnerability analysis of the transmission grid and a management plan for the ageing of the grid. There is also specific emphasis on the guidelines being up-to-date, and on monitoring the performance of service suppliers.

The price of electricity, changes in the interest rate level, and obligations of parties which have a contractual relationship with Fingrid involve financial risks. The regular monitoring of these risks and hedging against them are improved constantly.

The audit committee of the Board of Directors examines the functioning of internal supervision. The company has internal auditing independent of the operative management. Internal auditing reports to the audit committee on its observations concerning the procedural guidelines, authorisations and rules of the company. As part of internal supervision, internal auditing audited the company's financial control system which produces the financial reports, and procurement of loss energy and balance service in 2008.

Share capital and capital loans

The minimum share capital of the company is 55,900,000 euros and the maximum share capital is 223,600,000 euros, within which limits the share capital may be increased or lowered without amending the Articles of Association. At present, the share capital is 55,900,000 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. Shares in the various series have different rights relating to their votes and dividends;

these 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.

The company has a capital loan of 30 million euros, which becomes due on 30 November 2029, but, if the company so decides, it can be paid back on 30 November 2009 or 30 November 2019. The capital loan is publicly quoted and registered in the book-entry system of Finnish Central Securities Depository Ltd. The portion of interest, which has not been recorded as an expense, was 1.8 million euros at the end of the financial year.

Environment and corporate social responsibility

Fingrid applies an internal environmental management system. The environmental principles of the company have been described in Fingrid's corporate social responsibility and principles of environmental management. The primary environmental impacts of Fingrid's operations are caused by transmission lines together with areas required by these plus substations serving as nodes in the transmission grid.

Fingrid has approx. 27,077 tonnes of creosote-impregnated or CCA-impregnated wooden towers and cable trench covers, categorised as hazardous waste. The related disposal costs of approx. 2 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 approx. 25 tonnes of sulphur hexafluoride (SF_6 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.

Fingrid serves as the issuing body for guarantees of origin of electricity in Finland. The guarantee is included in the system required by the RES-E directive of the European Union.

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

There have been no material events or changes in Fingrid's business or financial situation after the closing of the financial year. However, the international decline in economy together with the crisis in the financial market will be reflected in Fingrid's business and financial result in a negative way.

As a result of the recession in economy, electricity consumption in Finland in 2009 is expected to decrease further. The magnitude of the decrease will depend on the economic trends and on the temperatures this year. After the recession, consumption is expected to return to the "basic track" where electricity consumption in Finland grows at an average rate of 0.7 per cent per year. Electricity consumption in Finland is reflected directly in the volume of electricity transmitted via Fingrid's grid and in Fingrid's grid revenue.

The Nordic congestion income is presumed to decrease in 2009 from the previous year once the transmission connections in the Oslo Fjord are restored and made available to the electricity market again.

Fingrid will continue the implementation of its extensive capital expenditure programme. Fingrid is making capital investments totalling 1,600 million euros in the transmission grid and reserve power in the next 10 years. The investments on an annual level are about 100 - 200 million euros. The extensive capital investments have a negative impact on cash flow and will require additional borrowing.

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CONSOLIDATED KEY INDICATORS		2004 IFRS	2005 IFRS	2006 IFRS	2007 IFRS	2008 IFRS
Extent of operations						
Turnover	million €	301.8	316.7	351.3	334.6	382.3
Capital expenditure, gross	million €	42.9	63.3	69.6	79.2	87.9
- of turnover	%	14.2	20.0	19.8	23.7	23.0
Research and development expenses	million €	1.1	1.6	1.2	1.2	0.9
- of turnover	%	0.4	0.5	0.4	0.4	0.2
Personnel, average		233	228	238	241	241
Personnel, end of year		220	231	233	244	249
Salaries and bonuses, total	million €	12.0	12.7	13.8	14.6	15.8
Profitability						
Operating profit	million €	101.5	110.0	79.5	90.7	68.4
- of revenue	%	33.6	34.7	22.6	27.1	17.9
Profit before taxes	million €	59.1	75.1	51.5	56.5	37.5
- of revenue	%	19.6	23.7	14.7	16.9	9.8
Return on investment (ROI)	%	8.2	8.7	6.4	7.3	5.8
Return on equity (ROE)	%	17.5	16.9	10.4	10.3	6.6
Financing and financial position						
Equity ratio	%	21.6	23.9	25.5	27.5	26.7
Interest-bearing net liabilities	million €	847.6	797.9	766.3	754.6	726.7
Share-specific indicators						
Earnings per share	€	14,884	16,761	11,531	12,616	8,379
Dividends per share	€	1,995	1,995	2,082	2,156	2,018*
Equity per share	€	91,640	106,439	115,952	129,338	125,600
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

CALCULATION OF KEY INDICATORS

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

THE BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFIT

Fingrid Oyj's distributable funds in the financial statements are 9,467,398.26 euros. After 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 in accordance with article 5 of the Articles of Association, totaling 6,710,698.27 euros

- 2,756,699.99 euros be carried over as unrestricted equity.

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2. Financial statements

CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

CONSOLIDATED INCOME STATEMENT	Notes	1 Jan - 31 Dec 2008 1,000 €	1 Jan - 31 Dec 2007 1,000 €
REVENUE	2	382,309	334,578
Other operating income	3	2,508	1,878
Raw materials and consumables used	4	-188,634	-148,650
Employee benefits expense	5	-19,584	-18,537
Depreciation	6	-59,484	-55,533
Other operating expenses	7, 8	-48,751	-23,078
OPERATING PROFIT		**68,365**	**90,658**
Portion of profit of associated companies	9	514	725
Finance income	9	11,090	9,294
Finance costs	9	-42,453	-44,194
Finance income and costs		-30,849	-34,175
PROFIT BEFORE TAXES		**37,516**	**56,483**
Income taxes	10	-9,658	-14,535
PROFIT FOR THE FINANCIAL YEAR		**27,859**	**41,948**
Attributable to			
Equity holders of parent company		27,859	41,948
Earnings per share, €	11	8,379	12,616
Earnings per share for profit attributable to the equity holders of the parent company			
Undiluted earnings per share, €	11	8,379	12,616
Diluted earnings per share, €	11	8,379	12,616

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CONSOLIDATED BALANCE SHEET

ASSETS	Notes	**31 Dec 2008** **1,000 €**	**31 Dec 2007** **1,000 €**
NON-CURRENT ASSETS			
Intangible assets:			
Goodwill	13	87,920	87,920
Other intangible assets	14	85,274	84,396
		173,194	172,316
Property, plant and equipment:	15		
Land and water areas		10,832	10,758
Buildings and structures		55,916	52,304
Machinery and equipment		392,202	411,295
Transmission lines		570,483	550,188
Other property, plant and equipment		2,628	2,757
Advance payments and purchases in progress		81,081	58,289
		1,113,141	1,085,591
Investments:	16		
Equity investments in associated companies		6,370	7,074
Available-for-sale investments		324	350
		6,694	7,424
Receivables:			
Finance receivables	17	1,205	10,478
Deferred tax assets	23	8,664	522
Other receivables	27		22,792
		9,868	33,792
TOTAL NON-CURRENT ASSETS		**1,302,897**	**1,299,123**
CURRENT ASSETS			
Inventories	18	4,628	4,801
Finance receivables	17	3,029	1,480
Trade receivables and other receivables	19	44,930	47,461
Tax assets			
Financial assets recognised in income statement at fair value	20	200,040	208,961
Cash and cash equivalents	20	6,104	3,023
TOTAL CURRENT ASSETS		**258,730**	**265,725**
TOTAL ASSETS		**1,561,628**	**1,564,848**

CONSOLIDATED BALANCE SHEET

EQUITY AND LIABILITIES	Notes	31 Dec 2008 1,000 €	31 Dec 2007 1,000 €
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
Share capital	22	55,922	55,922
Share premium account	22	55,922	55,922
Revaluation reserve	22	-23,159	9,375
Translation reserve	16	-368	213
Retained earnings		329,303	308,614
TOTAL EQUITY		**417,621**	**430,048**
NON-CURRENT LIABILITIES			
Deferred tax liabilities	23	112,796	108,497
Interest-bearing liabilities	25	678,336	766,468
Provisions	26	1,955	2,007
Other liabilities	28	35,361	
		828,448	**876,972**
CURRENT LIABILITIES			
Interest-bearing liabilities	25	254,522	200,149
Trade payables and other liabilities	29	61,037	57,680
		315,559	**257,828**
TOTAL LIABILITIES		**1,144,007**	**1,134,800**
TOTAL EQUITY AND LIABILITIES		**1,561,628**	**1,564,848**

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, 1,000 €

	Notes	Share capital	Share premium account	Revaluation reserve	Translation reserve	Retained earnings	Total
Attributable to equity holders of the parent company							
Equity 1 Jan 2007		**55,922**	**55,922**	**45**	**63**	**273,589**	**385,542**
Cashflow hedges	22, 27			9,304			9,304
Translation reserve	16				150		150
Dividend distribution	12					-6,923	-6,923
Other changes	22			26			26
Profit for the financial year						41,948	41,948
Equity 31 Dec 2007		**55,922**	**55,922**	**9,375**	**213**	**308,614**	**430,048**
Cashflow hedges	22, 27			-32,515			-32,515
Translation reserve	16				-581		-581
Dividend distribution	12					-7,169	-7,169
Other changes	22			-19			-19
Profit for the financial year						27,859	27,859
Equity 31 Dec 2008		**55,922**	**55,922**	**-23,159**	**-368**	**329,303**	**417,621**

CONSOLIDATED CASH FLOW STATEMENT	1 Jan - 31 Dec 2008 1,000 €	1 Jan - 31 Dec 2007 1,000 €
Cash flow from operating activities:		
Profit for the financial year	32,981	41,948
Adjustments:		
Business transactions not involving a payment transaction*	66,239	42,590
Interest and other finance costs	42,453	44,194
Interest income	-11,079	-9,280
Dividend income	-11	-14
Taxes	11,458	14,535
Changes in working capital:		
Change in trade receivables and other receivables	2,489	3,287
Change in inventories	173	-981
Change in trade payables and other liabilities	2,144	4,950
Change in provisions	-52	-60
Interests paid	-40,843	-45,190
Interests received	8,951	8,506
Taxes paid	-2,329	-836
Net cash flow from operating activities	112,574	103,650
Cash flow from investing activities:		
Purchase of property, plant and equipment	-83,551	-78,103
Purchase of intangible assets	-3,106	-6,226
Purchase of other assets		
Proceeds from other investments		
Proceeds from sale of property, plant and equipment	158	8
Repayment of loans receivable	110	85
Dividends received	647	671
Net cash flow from investing activities	-85,742	-83,565
Cash flow from financing activities:		
Withdrawal of short-term loans	354,438	206,155
Repayment of short-term loans	-330,341	-180,256
Withdrawal of long-term loans		196,550
Repayment of long-term loans	-51,675	-228,488
Dividends paid	-7,169	-6,923
Net cash flow from financing activities	-34,747	-12,961
Net change in cash and cash equivalents	**-7,916**	**7,124**
Cash and cash equivalents 1 Jan	**211,984**	**204,087**
Impact of changes in fair value of investments	**2,075**	**774**
Cash and cash equivalents 31 Dec	**206,144**	**211,984**

Notes to consolidated cash flow statement		
Adjustments:		
*Business transactions not involving a payment transaction	66,239	42,590
- Depreciation	59,484	55,533
- Capital gains/losses (-/+) on property, plant and equipment and intangible assets	-87	78
- Portion of profit of associated companies	-514	-725
- Gains/losses from the valuation of assets and liabilities recognised in income statement at fair value	7,357	-12,295
- Others		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING PRINCIPLES OF CONSOLIDATED FINANCIAL STATEMENTS

Fingrid Oyj is a Finnish public limited company established in accordance with Finnish law. Fingrid's consolidated financial statements have been drawn up in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. Fingrid's registered office is in Helsinki at address P.O. Box 530 (Arkadiankatu 23 B), 00101 Helsinki.

A copy of the consolidated financial statements is available on the internet at www.fingrid.fi or at Fingrid Oyj's head office.

The amounts in the financial statements are in thousands of euros and based on the original acquisition costs unless otherwise stated in the accounting principles or notes.

Fingrid Oyj's Board of Directors has accepted the publication of these financial statements in its meeting of 13 February 2009. In accordance with the Finnish Companies Act, the shareholders have an opportunity to adopt or reject the financial statements in the shareholders' meeting held after their publication. The shareholders' meeting can also amend the financial statements.

Primary business areas
Fingrid Oyj is the national transmission system operator responsible for the main electricity transmission grid in Finland. The companies responsibilities are develop the main grid, maintain a continuous balance between electricity consumption and generation, settle the electricity deliveries between the parties on a nation-wide level, and promote the electricity market. The company is also in charge of the cross-border transmission connections to the other Nordic countries and Russia.

The consolidated financial statements contain the parent company Fingrid Oyj and its fully-owned subsidiary Fingrid Verkko Oy. The consolidated associated companies were Porvoon Alueverkko Oy (ownership 33.3%) and Nord Pool Spot AS (ownership 20%). The Group has no joint ventures.

All intercompany transactions, internal margins on inventories and property, plant and equipment, internal receivables and liabilities as well as internal profit distribution are eliminated in consolidation. Ownership of shares between the Group companies is accounted for under the purchase method of accounting. The associated companies are consolidated using the equity method of accounting. The portion of the results of associated companies for the financial year, based on the Group’s ownership in them, is included in the income statement in finance income and costs.

Use of estimates
When the consolidated financial statements are drawn up in accordance with IFRS, the company management need to make estimates and assumptions which have an impact on the amounts of assets, liabilities, income and expenses recorded and conditional items presented. These estimates and assumptions are based on historical experience and other justified assumptions which are believed to be reasonable in the conditions which constitute the foundation for the estimates of the items recorded in the financial statements. The actual amounts may differ from these estimates but the estimates do not involve significant risks.

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 IAS 14 standard is not presented.

Revenue and sales recognition
Sales recognition takes place on the basis of the supply of the service. Electricity transmission is recognised once the transmission has taken place. Balance power services are recognised on the basis of the supply of the service. Connection fees are recognised on the basis of the relevant time. Indirect taxes and discounts, among others, are deducted from the sales income when calculating revenue.

Contributions
Contributions received from the EU or other parties are recognised in the income statement at the same time as the related expenses. Contributions received are presented in other operating income.

Pension schemes
The pension security of the Group's personnel is arranged by outside pension insurance companies. The Group has both contribution-based pension schemes in accordance with IAS 19 and benefit-based schemes. Pension premiums paid for contribution-based schemes are charged to the income statement in the year to which they relate. Costs resulting from benefit-based schemes are recorded in the income statement on the basis of annual actuarial calculations.

Research and development
Research and development by the Group aim to intensify intra-company operations. No new services or products sold separately are created as a result of R&D. This is why R&D costs are recorded in the income statement as expenses in the accounting year in which they are created.

Leases
In accordance with the principles of standard IAS 17 Leases, those leases where the company is transferred substantially all the risks and rewards incident to ownership are categorised as finance leases. Assets leased through finance leases reduced by accumulated depreciation are recorded in property, plant and equipment, and the resulting liabilities are recorded in interest-bearing liabilities. When a Group company is the lessor, the present value of future lease payments are recorded in interest-bearing receivables, and the assets leased out are depreciated in the property, plant and equipment of the lessor. Lease payments resulting from finance leases are broken down into a finance cost or income and into a reduction in liability or receivable.

Finance leases in accordance with standard IAS 17 are recognised in the balance sheet and valued at the lower of an amount equal to the fair value of the assets when the lease begins or the present value of minimum lease rents. Assets acquired through finance leases are depreciated according to plan, and potential impairment losses are recognised. Depreciation is calculated in accordance with the lower of the Group's depreciation periods for property, plant and equipment or the lease period.

Lease obligations where the risks and rewards incident to ownership remain with the lessor are recorded as other leases. Lease obligations paid on the basis of other leases are recorded in other operating expenses, and they are recognised in the income statement as equally large items during the lease period.

Foreign currency transactions
The consolidated financial statements are presented in euros, which is the currency used by the parent company. Commercial flows and financial items denominated in foreign currencies are booked at the foreign exchange mid-rate quoted by the European Central Bank (ECB) at the transaction value date. Receivables and liabilities denominated in foreign currencies are translated at the mid-rate quoted by ECB at the closing day and recognised in the financial statements. Foreign exchange gains and losses from business are included in corresponding items above operating profit. Foreign exchange gains and losses from financial instruments are recorded at net amounts in finance income and costs.

Foreign exchange gains and losses from translating the income statement items of the foreign associated company to the mid-rate and from translating its balance sheet items to the rate at the closing date are presented as a separate item in shareholders' equity. Translation differences created before 1 January 2004 are recorded in retained earnings in accordance with the exception allowed by the IFRS 1 standard.

Income taxes
Taxes presented in the consolidated income statement include the Group companies' accrual taxes for the profit of the financial year, tax adjustments from previous financial years and changes in deferred taxes. In accordance with IAS 12, the Group records deferred tax assets as non-current receivables and deferred tax liabilities as non-current liabilities.

Deferred tax assets and liabilities are recorded of all temporary differences between the tax values of asset and liability items and their carrying amounts using the liability method. Deferred tax is recorded using tax rates valid at the closing date.

The largest temporary differences result from the depreciation of property, plant and equipment and from financial instruments. No deferred tax is recorded of the undistributed profits of the foreign associated company, because receiving the dividend does not cause a tax impact by virtue of a Nordic tax agreement (and the difference will not likely be realised in the foreseeable future). The deferred tax asset from temporary differences is recorded up to an amount which can likely be utilised against taxable income created in the future.

Earnings per share
The Group has calculated the undiluted earnings per share in accordance with standard IAS 33. The undiluted earnings per share are calculated using the weighted average number of shares outstanding during the financial year.

Since Fingrid has no option systems or benefits bound to the shareholders' equity nor other equity financial instruments, there is no dilution effect.

Goodwill and other intangible assets
Goodwill created as a result of the acquisition of enterprises and businesses is composed of the excess of the acquisition cost over the identifiable net assets of the acquired business valued at fair value. Goodwill is allocated to cash-generating units and it is tested annually for impairment. With associated companies, goodwill is included in the value of the investment in the associated company.

The Group has applied the exception allowed by the IFRS 1 transition standard to business combinations which took place before 1 January 2004, which is why the goodwill resulting from the acquisition of associated companies and businesses was transferred at values in accordance with FAS. Goodwill has not been depreciated after 1 January 2004.

Other intangible assets comprise computer systems and land use rights. Computer systems are valued at the original acquisition cost and depreciated on a straight line basis during their estimated economic lives. Land use rights with unlimited economic lives are not depreciated but tested annually for impairment.

The depreciation periods of intangible assets are as follows:

Computer systems, operation control	7-15 years
Computer systems, others	3 years

Subsequent expenses relating to intangible assets are only capitalised if their financial benefit for the company increases above the former performance level. In other cases, the expenses are recorded in the income statement when they materialise.

Emission rights
Emission rights acquired free of charge are valued in intangible assets at their market price at the time of acquisition, and purchased emission rights are recorded at the acquisition cost. If it is estimated that the acquired emission rights do not suffice during the first emission rights period, the company must purchase the excess portion from the emission rights market. No depreciation is recorded of emission rights. They are derecognised in the balance sheet at the time of transfer when the actual emissions have been ascertained.

A provision is recorded of emission rights to be returned. If the Group has a sufficient volume of emission rights to cover the return obligations, the provision is recognised at the carrying amount corresponding to the emission rights in question. If there are not sufficient emission rights to cover the return obligations, the provision is recognised at the market price of the emission rights in question.

Property, plant and equipment
Land areas, buildings, transmission lines, machinery and equipment constitute most of the property, plant and equipment. These are recognised in the balance sheet at the original acquisition cost less accumulated depreciation and potential impairment. Interest expenses during the construction period are not capitalised. If an asset is made up of several parts with economic lives of different lengths, the parts are recorded as separate items.

When a separately recorded part of property, plant and equipment is renewed, the costs relating to the new part are capitalised. Other subsequent costs are capitalised only if it is likely that the future financial benefit relating to the asset benefits the Group and the acquisition cost of the asset can be determined reliably. Repair and maintenance costs are recognised in the income statement once they have materialised.

Straight-line depreciation is recorded of property, plant and equipment on the basis of their economic lives. Depreciation on property, plant and equipment taken into use during the financial year is calculated asset-specifically from the month of introduction. Land and water areas are not depreciated. The expected economic lives are verified at each closing date, and if they differ significantly from the earlier estimates, the depreciation periods are amended accordingly.

The depreciation periods of property, plant and equipment are as follows:

Buildings and structures	
Substation buildings and separate buildings	40 years
Substation structures	30 years
Buildings and structures at gas turbine power plants	20 years
Separate structures	15 years
Transmission lines	
Transmission lines 400 kV	40 years
Direct current lines	40 years
Transmission lines 110-220 kV	30 years
Creosote-impregnated towers and related disposal expenses	30 years
Aluminium towers of transmission lines (400 kV)	10 years
Optical ground wires	10-20 years
Machinery and equipment	
Substation machinery	10-30 years
Gas turbine power plants	20 years
Other machinery and equipment	3-5 years

Gains or losses from the sale or disposition of property, plant and equipment are recorded in the income statement under either other operating income or expenses. Property, plant and equipment are derecognised in the balance sheet when the planned depreciation period has expired, the asset has been sold, scrapped or otherwise disposed of to an outsider.

Impairment
The carrying amounts of asset items are assessed at the closing date to detect potential impairment. If impairment is detected, the recoverable amount of the asset is estimated. An asset is impaired if the balance sheet value of the asset or of a cash-generating unit exceeds the recoverable amount. Impairment losses are recorded in the income statement.

The impairment loss of a cash-generating unit is first allocated to reduce the goodwill of the cash-generating unit and thereafter to reduce in proportion the other asset items of the unit.

The recoverable amount of intangible assets and property, plant and equipment is defined so that it is the higher of the fair value reduced by the costs resulting from sale or the value in use. When defining the value in use, the estimated future cash flows are discounted at their present value based on discount rates which reflect the average capital cost of the said cash-generating unit before taxes. The specific risk of the assets in question is also considered in the discount rates. An impairment loss relating to property, plant and equipment and intangible assets other than goodwill is reversed if a change has taken place in the estimates used for defining the recoverable amount of the asset. An impairment loss is reversed at the most up to an amount which would have been defined as the carrying amount of the asset (reduced by depreciation) if no impairment loss had been recorded of it in the previous years. An impairment loss recorded of goodwill is not reversed.

Available-for-sale investments
Publicly quoted securities are classified as available-for-sale investments and recorded at fair value, which is the market value at the closing date. Changes in fair value are recorded in the shareholders' equity until the investment is sold or otherwise disposed of, in which case the changes in fair value are recorded in the income statement. Permanent impairment of assets is recorded in the income statement. Unlisted securities are recorded at the acquisition cost as their fair values are not reliably available.

Inventories
Inventories are entered at the lower of the acquisition cost or net realisable value. The acquisition cost is determined using the FIFO principle. The net realisable value is the estimated market price in normal business reduced by the estimated future costs of completing and estimated costs required by sale.

Trade receivables and other receivables
Trade receivables and other receivables are recorded at the original value. The amount of bad receivables is estimated based on the risks of individual items. An impairment loss of receivables is recorded when there is valid evidence that the Group will not receive all of its receivables at the original terms (e.g. due to the debtor's serious financial problems, likelihood that the debtor will go bankrupt or subject to other financial rearrangements, and negligence of due dates of payments by more than 30 days). Impairment losses are recorded directly to reduce the carrying amount of receivables.

Electricity derivatives
The company enters into electricity derivative contracts in order to hedge its electricity purchases in accordance with the loss energy forecast. Electricity derivatives are classified as held-for-trading derivative assets and liabilities. On 1 July 2007, the company adopted hedge accounting for electricity derivatives in accordance with the IAS 39 standard, based on cash flow hedging of loss energy purchases. The company documents at the inception of the contract the relationship between the hedged item and the hedging instrument, in accordance with the loss energy purchasing principles approved by the Board of Directors. The effectiveness calculation of hedging is documented both at the hedge inception and on an ongoing basis. Hedge accounting is applied to publicly quoted annual and quarterly instruments bought by the company. Changes in the fair values of instruments which are designated and qualify for hedge accounting are recorded in equity, in the hedge reserve. Changes in the fair values of other electricity derivatives continue to be recorded in the income statement. Instruments quoted at Nord Pool ASA are valued at the market prices at the closing date. Bilateral price hedging contracts are valued using the price of a comparable instrument at Nord Pool ASA.

Interest rate and foreign exchange derivatives
The company enters into derivative contracts in order to hedge the financial risks (interest rate and foreign exchange exposures) in accordance with the primary principles for financing approved by the Board of Directors. Fingrid does not apply hedge accounting to the derivatives. Financial derivatives are classified as held-for-trading derivative assets and liabilities. Derivative assets and liabilities are recognised at the original acquisition cost. Derivatives are measured at fair value at the closing date, and their change in fair value is recorded in the income statement in finance income and costs. The fair values of derivatives at the closing date are based on different calculation methods. Foreign exchange forwards have been measured at the forward prices. Interest rate and cross-currency swaps have been measured at the present value on the basis of the yield curve of each currency. Interest rate options have been valued by using generally accepted option pricing models in the market.

Financial securities and cash and cash equivalents
Financial securities are classified as held-for-trading assets. This group includes money market securities and investments in short-term money market funds. Financial securities are recorded in the balance sheet at fair value at the settlement day. Financial securities are measured in the financial statements at fair value, and their change in fair value is recognised in the income statement in finance income and costs.

Financial assets recognised in the income statement at fair value primarily comprise certificates of deposit, commercial papers and municipality bills with maturities of 3 - 6 months, and investments in short-term money market funds.

Cash and cash equivalents comprise bank balances and bank deposits. Bank deposits are classified as held-to-maturity assets and they are recognised at the original acquisition cost. In the financial statements, bank deposits are measured at the amortised acquisition cost.

Financial securities and other cash equivalents are derecognised when they mature, are sold or otherwise disposed of.

Interest-bearing liabilities
Interest-bearing liabilities include bond and commercial paper issuance and loans raised by the company, recorded at the acquisition cost less transaction costs. Transaction costs consist of bond prices above or below par value, credit fees, commissions and administrative fees. In the financial statements, interest-bearing liabilities are measured at the amortised cost using the effective interest rate method. Interest-bearing liabilities are derecognised when they mature and are repaid.

Provisions
A provision is recorded when the Group has a legal or factual obligation based on an earlier event and it is likely that fulfilling the obligation will require a payment, and the amount of the obligation can be estimated reliably.

The provisions can relate to the rearrangement of operations, unprofitable contracts, environmental obligations, litigation, and tax risks. The provisions are valued at the present value of costs required to cover the obligation. The discounting factor used in calculating the present value is chosen so that it reflects the market view of the time value of money at the assessment date and of the risks pertaining to the obligation.

Dividend distribution
The Board of Directors' proposal concerning dividend distribution is not recorded in the financial statements. This is only recorded after a decision made by an Annual General Meeting of Shareholders.

New IFRS standards and interpretations
The Group has not adopted the following published IFRS/IAS standards and interpretations, compliance to which will be mandatory for accounting periods starting 1 January 2009 or later: IAS 1 Presentation of Financial Statements, amendment to IAS 23 Borrowing Costs, amendments to IAS 32 Financial Instruments, amendment to IFRS 2 Share-based payment, IFRS 8 Operating Segments, IFRIC 11-IFRS 2 Group and Teasury Share Transactions, IFRIC 13 Customer Loyalty Programmes, IFRIC 14- IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 16 Hedges of a Net Investment in a Foreign Operation.

For the accounting period starting in 2009 the Group will adopt the following standards and interpretations: IAS 1 Presentation of Financial Statements and IFRS 8 Operating Segments

2. INFORMATION ON REVENUE AND SEGMENTS

Through the grid services, a customer obtains the right to transmit electricity to and from the main grid through its connection point. Grid service is agreed by means of a grid service contract signed between a customer connected to the main grid and Fingrid. Fingrid charges a consumption fee, use of grid fee, connection point fee and market border fee for the grid service. The contract terms are equal and public.

Transmission services on the cross-border connections to the other Nordic countries enable participation in the Nordic Elspot and Elbas exchange trade. Fingrid makes transmission services on the cross-border connections from Russia available to all electricity market parties. The transmission service is intended for fixed electricity imports. When making an agreement on transmission services from Russia, the customer reserves a transmission right (in MW) for a period of time to be agreed upon separately. The smallest unit that can be reserved is 50 MW. The contract terms are equal and pub7lic.

Each electricity market party must ensure that its electricity balance is in balance by making an agreement with either Fingrid or some other party. Fingrid buys and sells balance power in order to balance the hourly power balance of an electricity market party (balance provider). Balance power trade and pricing of balance power are based on a balance service agreement with equal and public terms and conditions.

Fingrid is responsible for the continuous power balance in Finland by buying and selling regulating power in Finland. The balance providers can participate in the Nordic balancing power market by submitting bids of their available capacity. The terms and conditions of participation in the regulating power market and the pricing of balancing power are based on the balance service agreement.

The congestion income are revenues that the transmission system operator receives from market actors for use of transmission capacity for those transmission links, on which the operational reliability of the power system restricts the power transmission. Fingrid receives a contractual portion of the Nordic congestion income.

ITC-compensation are income and/or costs for Fingrid, which the transmission system operator receives for the use of its grid by other European transmission operators and/ or pays to other transmission system operators when using their grid when servicing its own customers.

Peak load power includes condensing power capacity, when it is under threat of being closed down, to be kept in readiness for use (peak load power) and the feed-in tariff for peat includes compensation for peat condensing power.

Information on segments is not presented, because 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.

REVENUE, 1,000 €	2008	2007
Grid service revenue	189,120	189,868
Sales of balance power	104,790	63,663
Cross-border transmission	22,409	22,967
ITC income	22,767	19,286
Congestion income	23,173	22,591
Peak load power	10,887	10,110
Feed-in tariff for peat	358	1,790
Other operating revenue	8,805	4,302
Total	**382,309**	**334,578**

3. OTHER OPERATING INCOME, 1,000 €	2008	2007
Rental income	1,618	1,558
Contributions received	129	134
Other income	761	186
Total	**2,508**	**1,878**

4. RAW MATERIALS AND CONSUMABLES USED, 1,000 €	2008	2007
Purchases during financial year	171,534	131,547
Change in inventories, increase (-) or decrease (+)	173	-981
Materials and consumables	171,707	130,566
External services	16,927	18,084
Total	**188,634**	**148,650**

5. EMPLOYEE BENEFITS EXPENSE, 1,000 €	2008	2007
Salaries and bonuses	15,766	14,592
Pension expenses - contribution-based schemes	2,398	2,293
Pension expenses - benefit-based schemes (note 24)	83	335
Other additional personnel expenses	1,337	1,316
Total	**19,584**	**18,537**
Salaries and bonuses of top management (note 34)	**1,126**	**1,111**

The Group use a compensation system, which general principles has been approved by the Board of Directors on 23 October 2007. The principles for the bonus programme for the Executive Management Group has additionally been determined in a meeting held on 12 October 2007 by the Remuneration and Nomination Committee. The base salary and the profit-based compensation for the Executive Management Group, is based on the strategic indicators of the company. The members of the Executive Management Group are paid a bonus decided by the Remuneration and Nomination Committee of the Board of Directors, which maximum amount is 20 % for the President & CEO, 15 % for the Vice President and 10 % for other members of the Management Executive Group of the annual salary. The system changes from a one-year to a three-year review period as of 1 January 2010, when the compensation will be based on a three-year average of the strategic indicators from 2008 until 2010.

Number of salaried employees in the company during the financial year:		
Personnel, average	241	241
Personnel, 31 Dec	249	244

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6. DEPRECIATION, 1,000 €	2008	2007
Intangible assets	1,833	1,489
Buildings and structures	2,628	2,016
Machinery and equipment	30,477	26,605
Transmission lines	24,146	24,633
Other property, plant and equipment	399	790
Total	**59,484**	**55,533**

7. OTHER OPERATING EXPENSES, 1,000 €	2008	2007
Contracts, assignments etc. undertaken externally	26,327	27,204
Gains from measuring electricity derivatives at fair value	14,213	-12,096
Rental expenses	2,100	2,043
Foreign exchange gains and losses	-57	188
Other expenses	6,168	5,739
Total	**48,751**	**23,078**

8. AUDITORS FEES, 1,000 €	2008	2007
Auditing fee	57	38
Other fees	25	24
Total	**82**	**63**

9. FINANCE INCOME AND COSTS, 1,000 €	2008	2007
Portion of profit of associated companies	-514	-725
Interest income	-11,079	-9,280
Dividend income	-11	-14
	-11,090	-9,294
Interest expenses	40,120	40,128
Gains from measuring derivative contracts at fair value	-7,346	
Losses from measuring derivative contracts at fair value	9,349	3,651
Foreign exchange gains	-3,603	-27,903
Foreign exchange losses	3,549	27,936
Other finance costs	384	381
	42,453	44,194
Total	**30,849**	**34,175**

10. INCOME TAXES, 1,000 €	2008	2007
Direct taxes	2,070	1,264
Deferred taxes (note 23)	7,588	13,270
Total	**9,658**	**14,535**

Reconciliation of income tax		
Profit before taxes	**37,516**	**56,483**
Tax calculated in accordance with statutory tax rate in Finland 26 %	9,754	14,686
Non-deductible expenses and tax-free income	-96	-151
Tax expense in income statement	**9,658**	**14,535**

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11. EARNINGS PER SHARE	2008	2007
Profit for the financial year, 1,000 €	27,859	41,948
Weighted average number of shares, qty	3,325	3,325
Undiluted earnings per share, €	8,379	12,616
Diluted earnings per share, €	8,379	12,616

12. DIVIDEND PER SHARE

After the closing date, the Board of Directors have proposed that a dividend of 2,018.26 (2006: 2,156.17) euros per share be distributed, totalling 6.7 (2007: 7.2) million euros.

13. GOODWILL, 1,000 €	2008	2007
Cost at 1 Jan	87,920	87,920
Cost at 31 Dec	**87,920**	**87,920**
Carrying amount 31 Dec	**87,920**	**87,920**

The entire business of the Fingrid Group comprises transmission system operation in Finland with system responsibility, which the full goodwill of the Group concerns.

In impairment testing, the recoverable amount from business is defined by means of value in use. The cash flow forecasts used in impairment calculations are based on financial plans approved by executive management, covering a period of 6 years. The expected cash flows during the subsequent years are estimated by extrapolating the expected cash flows using a growth estimate of zero per cent. The discount rate before taxes used in the calculations is 6.9%.

According to the view of the management, reasonable changes in the primary assumptions used in the calculations will not lead to a need for recording impairment losses.

14. INTANGIBLE ASSETS, 1,000 €	2008	2007
Land use rights		
Cost at 1 Jan	77,726	76,562
Increases 1 Jan - 31 Dec	1,253	1,164
Decreases 1 Jan - 31 Dec	-44	
Cost at 31 Dec	**78,935**	**77,726**
Carrying amount 31 Dec	**78,935**	**77,726**
Other intangible assets		
Cost at 1 Jan	16,869	12,598
Increases 1 Jan - 31 Dec	1,501	4,271
Cost at 31 Dec	**18,370**	**16,869**
Accumulated depreciation according to plan 1 Jan	-10,199	-8,710
Depreciation according to plan 1 Jan - 31 Dec	-1,833	-1,489
Carrying amount 31 Dec	**6,338**	**6,670**
Carrying amount 31 Dec	**85,274**	**84,396**

15. PROPERTY, PLANT AND EQUIPMENT, 1,000 €	2008	2007
Land and water areas		
Cost at 1 Jan	10,758	10,496
Increases 1 Jan - 31 Dec	74	262
Decreases 1 Jan - 31 Dec		
Cost at 31 Dec	**10,832**	**10,758**
Carrying amount 31 Dec	**10,832**	**10,758**
Buildings and structures		
Cost at 1 Jan	67,642	59,317
Increases 1 Jan - 31 Dec	6,240	8,430
Decreases 1 Jan - 31 Dec		-105
Cost at 31 Dec	**73,883**	**67,642**
Accumulated depreciation according to plan 1 Jan	-15,339	-13,347
Decreases, depreciation according to plan 1 Jan - 31 Dec		25
Depreciation according to plan 1 Jan - 31 Dec	-2,628	-2,016
Carrying amount 31 Dec	**55,916**	**52,304**
Machinery and equipment		
Cost at 1 Jan	600,885	565,131
Increases 1 Jan - 31 Dec	11,384	35,760
Decreases 1 Jan - 31 Dec		-6
Cost at 31 Dec	**612,269**	**600,885**
Accumulated depreciation according to plan 1 Jan	-189,590	-162,987
Decreases, depreciation according to plan 1 Jan - 31 Dec		2
Depreciation according to plan 1 Jan - 31 Dec	-30,477	-26,605
Carrying amount 31 Dec	**392,202**	**411,295**
Transmission lines		
Cost at 1 Jan	762,644	730,959
Increases 1 Jan - 31 Dec	44,469	31,686
Decreases 1 Jan - 31 Dec	-411	
Cost at 31 Dec	**806,702**	**762,644**
Accumulated depreciation according to plan 1 Jan	-212,457	-187,824
Decreases, depreciation according to plan 1 Jan - 31 Dec	384	
Depreciation according to plan 1 Jan - 31 Dec	-24,146	-24,633
Carrying amount 31 Dec	**570,483**	**550,188**
Other property, plant and equipment		
Cost at 1 Jan	12,569	11,715
Increases 1 Jan - 31 Dec	270	853
Cost at 31 Dec	**12,838**	**12,569**
Accumulated depreciation according to plan 1 Jan	-9,811	-9,022
Depreciation according to plan 1 Jan - 31 Dec	-399	-790
Carrying amount 31 Dec	**2,628**	**2,757**
Advance payments and purchases in progress		
Cost at 1 Jan	58,289	61,343
Increases 1 Jan - 31 Dec	80,076	69,650
Decreases 1 Jan - 31 Dec	-57,285	-72,704
Cost at 31 Dec	**81,081**	**58,289**
Carrying amount 31 Dec	**81,081**	**58,289**
Carrying amount 31 Dec	**1,113,141**	**1,085,591**

16. INVESTMENTS, 1,000 €	2008	2007
Available-for-sale investments		
Cost at 1 Jan	350	315
Decreases 1 Jan - 31 Dec		
Changes in fair value 1 Jan - 31 Dec	-26	36
Carrying amount 31 Dec	**324**	**350**

The changes in fair value are recorded in equity (note 22).

Equity investments in associated companies		
Cost at 1 Jan	7,074	6,856
Portion of profit 1 Jan - 31 Dec	514	725
Translation differences 1 Jan - 31 Dec	-581	150
Dividends 1 Jan - 31 Dec	-637	-657
Carrying amount 31 Dec	**6,370**	**7,074**
Carrying amount 31 Dec	**6,694**	**7,424**
Goodwill contained in the carrying amount of associated companies at 31 Dec	3,245	3,245

There are no such essential temporary differences with associated companies of which deferred tax assets or liabilities would have been recorded.

Financial summary of associated companies, 1,000 €

2007	Assets	Liabilities	Revenue	Profit/loss	Ownership (%)
Nord Pool Spot AS, Lysaker, Norway	440,226	421,754	11,409	3,928	20.0
Porvoon Alueverkko Oy, Porvoo, Finland	2,629	2,573	3,784	2	33.3

2008	Assets	Liabilities	Revenue	Profit/loss	Ownership (%)
Nord Pool Spot AS, Lysaker, Norway	319,037	304,048	11,878	2,550	20.0
Porvoon Alueverkko Oy, Porvoo, Finland	5,824	5,829	4,406	-60	33.3

Subsidiary shares 31 Dec 2008	Ownership (%)	Ownership (%)
Fingrid Verkko Oy, Helsinki, Finland	100	100

17. FINANCE RECEIVABLES, 1,000 €

	2008	**2007**
Non-current:		
Receivables based on derivative contracts	1,205	10,478
	1,205	10,478
Current:		
Receivables based on derivative contracts	2,954	1,363
Loans receivable from associated companies (note 34)		110
Other receivables	74	7
	3,029	1,480
Total	**4,233**	**11,958**

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18. INVENTORIES, 1,000 €	2008	2007
Materials and consumables	4,626	4,801
Work in progress	2	
Total	**4,628**	**4,801**

19. TRADE RECEIVABLES AND OTHER RECEIVABLES, 1,000 €	2008	2007
Trade receivables	39,127	36,798
Trade receivables and other receivables from associated companies (note 34)	844	1,463
Prepayments and accrued income	4,923	9,163
Other receivables	37	36
Total	**44,930**	**47,461**

Essential items included in prepayments and accrued income		
Accruals of sales	3,868	7,853
Accruals of purchases/prepayments	693	958
Rents/prepayments	226	244
Total	**4,787**	**9,055**

Age distribution of trade receivables	2008	2007
Unmatured trade receivables	38,086	38,046
Trade receivables matured by 1-30 days	986	208
Trade receivables matured by 31-60 days		
Trade receivables matured by more than 60 days	899	7
Total	**39,970**	**38,260**

On 31 December 2008 or on 31 December 2007, the company did not have matured trade receivables of which impairment losses would have been recorded. Based on earlier payments, the company expects to receive the matured receivables in less than 3 months. Receivables where the due dates have been renegotiated are not included in matured trade receivables.

Trade receivables and other receivables broken down by currencies	2008	2007
EUR	44,917	47,442
USD		
NOK		
SEK	13	18
Total	**44,930**	**47,461**

The fair value of trade receivables and other receivables does not differ essentially from the balance sheet value.

20. CASH AND CASH EQUIVALENTS, 1,000 €	2008	2007
Certificates of deposit	78,856	79,287
Commercial papers	121,184	84,555
Investments in money market funds		45,119
	200,040	208,961
Cash in hand and bank receivables*	6,104	2,863
Money market deposits		160
	6,104	3,023
Total	**206,144**	**211,984**

*includes pledged bank accounts (note 30)

21. CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORIES, 1,000 €

Balance sheet item 31 Dec 2008	Loans and other receivables	Assets/ liabilities recognised in income statement at fair value	Available-for-sale financial assets	Financial assets/ liabilities measured at amortised cost	Total	Note
Non-current financial assets						
Available-for-sale investments			324		324	16
Derivative contracts		1,205			1,205	17, 27
Current financial assets						
Derivative contracts	1,857	1,097			2,954	17
Other financial receivables	74				74	17
Trade receivables and other receivables	44,930				44,930	19
Cash and cash equivalents recognised in income statement at fair value		200,040			200,040	20
Cash in hand and bank receivables	6,104				6,104	20
Financial Assets Total	**52,965**	**202,342**	**324**		**255,632**	
Non-current financial liabilities						
Interest-bearing liabilities				660,353	660,353	25
Derivative contracts		17,982			17,982	25, 27
Current financial liabilities						
Interest-bearing liabilities				251,327	251,327	25
Derivative contracts		3,195			3,195	25, 27
Trade payables and other liabilities	42,713			13,610	56,323	29
Financial liabilities total	**42,713**	**21,177**		**925,291**	**989,181**	

Balance sheet item 31 Dec 2007	Loans and other receivables	Assets/ liabilities recognised in income statement at fair value	Available-for-sale financial assets	Financial assets/ liabilities measured at amortised cost	Total	Note
Non-current financial assets						
Available-for-sale investments			350		350	16
Derivative contracts		10,478			10,478	17, 27
Current financial assets						
Derivative contracts	1,363				1,363	17
Other financial receivables	7			110	117	17
Trade receivables and other receivables	47,461				47,461	19
Cash and cash equivalents recognised in income statement at fair value		208,961			208,961	20
Cash in hand and bank receivables	3,023				3,023	20
Financial assets total	**51,854**	**219,439**	**350**	**110**	**271,753**	
Non-current financial liabilities						
Interest-bearing liabilities				729,009	729,009	25
Derivative contracts		37,459			37,459	25, 27
Current financial liabilities						
Interest-bearing liabilities				187,100	187,100	25
Derivative contracts		13,049			13,049	25, 27
Trade payables and other liabilities	37,047			13,618	50,665	29
Financial liabilities total	**37,047**	**50,508**		**929,726**	**1,017,281**	

22. EQUITY

Equity is composed of the share capital, share premium account, fair value reserve (incl. hedge and revaluation reserves), translation reserve, and retained earnings. The hedge reserve includes the changes in the fair value of hedging instruments for loss energy. The fair value reserve includes the changes in the fair value of available-for-sale investments. The translation reserve includes translation differences in the net capital investments of associated companies in accordance with the purchase method of accounting. The profit for the financial year is recorded in retained earnings.

Share capital and share premium account, 1,000 €	Share capital	Share premium account	Total
1 Jan 2007	55,922	55,922	111,845
Change			
31 Dec 2007	55,922	55,922	111,845
Change			
31 Dec 2008	**55,922**	**55,922**	**111,845**

The share capital is broken down as follows:	Number of shares qty	Of all shares %	Of votes %
Series A shares	2,078	62.49	83.32
Series B shares	1,247	37.51	16.68
Total	**3,325**	**100.00**	**100.00**

Number of shares, qty	Series A shares	Series B shares	Total
1 Jan 2008	2,078	1,247	3,325
Change			
31 Dec 2008	**2,078**	**1,247**	**3,325**

The maximum number of shares is 13,000 as in 2007. The shares have no par value.

Series A shares confer three votes each at a shareholders' meeting and series B shares one vote each. When electing members of the Board of Directors, series A share confers 10 votes each at a shareholders' meeting and each series B share one vote each.

Series B shares have preferential right over series A shares to obtain the annual dividends specified below from the funds available for profit distribution. After this, a corresponding dividend is distributed to series A shares. If the annual dividend cannot be distributed in some year, the shares confer a right to receive the undistributed amount from the funds available for profit distribution in the subsequent years; however so that series B shares have preferential right over series A shares to receive the annual dividend and the undistributed amount.

A shareholders' meeting decides on the annual dividend for series B shares on the following grounds:
The amount of the annual dividend is calculated on the basis of calendar years so that the subscription price of a share, added by amounts paid in conjunction with potential increases of share capital and reduced by potential amounts paid in refunds of equity, is multiplied by the dividend percentage; however so that the minimum dividend is 6%. The dividend percentage is defined on the basis of the yield of the 30-year German Government Bond.

Series B shares have preference with respect to dividends as stipulated in the Articles of Association.
The dividend for 2008 is 6 % p.a. of the subscription price of the share.

There are no minority interests.

Shareholders by different categories	Number of shares qty	Of all shares %	Of votes %
Public enterprises	834	25.08	33.44
Private enterprises	844	25.38	33.57
Public organisations	410	12.33	16.44
Financial and insurance institutions	1,237	37.20	16.55
Total	**3,325**	**100.00**	**100.00**

Shareholders	Number of shares qty	Of all shares %	Of votes %
Fortum Power and Heat Oy	834	25.08	33.44
Pohjolan Voima Oy	834	25.08	33.44
Republic of Finland	410	12.33	16.44
Varma Mutual Pension Insurance Company	405	12.18	5.41
Mutual Pension Insurance Company Ilmarinen	350	10.53	4.68
Tapiola 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
Sampo Life Insurance Company Limited	54	1.62	0.72
Tapiola General Mutual Insurance Company	50	1.50	0.67
Tapiola Mutual Life Assurance Company	35	1.05	0.47
If P&C Insurance Company Ltd	25	0.75	0.33
Tapiola Corporate Life Insurance Company Ltd	12	0.36	0.16
Imatran Seudun Sähkö Oy	10	0.30	0.13
Fennia Life Insurance Company	6	0.18	0.08
Total	**3,325**	**100.00**	**100.00**

Share premium account
The share premium account includes the difference between the counter value of the shares and the value obtained. According to the Finnish Companies Act the premium fund means tied equity. The share capital can be increased by transferring funds from the premium fund account. The premium fund account can be decreased in order to cover losses or it can under certain conditions be returned to the owners.

Fair value reserve
The fair value reserves include the changes in the fair value of derivative instruments used for hedging cash flow (hedge reserve) and the changes in the fair value of available-for-sale investments (publicly quoted and unquoted securities) (revaluation reserve).

Hedge reserve, 1,000 €	**2008**	**2007**
1 Jan	9,304	
Hedge reserve	-40,671	12,573
Taxes	8,155	-3,269
Hedge reserve 31 Dec	**-23,211**	**9,304**

Revaluation reserve, 1,000 €	**2008**	**2007**
1 Jan	71	45
Changes in fair value during financial year	-26	36
Taxes on changes in fair value during financial year	7	-9
Revaluation reserve 31 Dec	**52**	**71**

Translation reserve, 1,000 €	**2008**	**2007**
Translation reserve 31 Dec	**-368**	**213**

The translation reserve includes the translation differences resulting from converting the financial statements of the foreign associated company.

Dividends, 1,000 €	**2008**	**2007**
Dividends paid	**7,169**	**6,923**

The proposal for dividend distribution is presented in note 12.

Retained earnings , 1,000 €	**2008**	**2007**
Profit from previous financial years	301,445	266,666
Profit for the financial year	27,859	41,948
Retained earnings 31 Dec	**329,303**	**308,614**

23. DEFERRED TAXES, 1,000 €

	2008	2007
Deferred tax assets		
Valuation of derivative contracts and other financial assets and liabilities at fair value	8,138	
Other temporary differences	526	522
	8,664	522
Deferred tax liabilities		
Accumulated depreciation difference	100,355	91,846
Intangible assets	12,099	9,657
Valuation of derivative contracts and other financial assets and liabilities at fair value		6,518
Other temporary differences	341	476
	112,796	108,497
Total*	**104,132**	**107,975**

***Deferred net tax liability is broken down in the balance sheet as follows:**

	2008	2007
Deferred tax assets	8,664	522
Deferred tax liabilities	112,796	108,497

	2008	2007
Deferred tax assets		
Non-current	8,346	522
Current	317	
	8,664	522
Deferred tax liabilities		
Non-current	110,801	107,136
Current	1,995	1,360
	112,796	108,497
Total	**104,132**	**107,975**

	2008	2007
Change in deferred taxes recorded in balance sheet		
Deferred taxes (net) 1 Jan	107,975	91,426
Items recorded in income statement	7,588	13,270
Items recorded in shareholders' equity (note 22)	-11,431	3,278
Deferred taxes 31 Dec	**104,132**	**107,975**

24. PENSION COMMITMENTS

The most important pension scheme of the Group is a contribution-based scheme in accordance with TyEL (Finnish Employee Pensions Act), where the benefits are determined directly on the basis of the beneficiary's earnings.

The Group has a benefit-based supplementary pension scheme covering those born between 1945 and 1949 who have worked at Fingrid at least as of 1 September 1997. These persons can retire at certain discretionary conditions at the earliest at an age of 60 and at the earliest in 2006. The payment of the supplementary pension will finish when the person reaches old age pension and at the latest at the age of 63, after which the person's pension will be composed of the statutory pensions incurred by that time.

Benefit-based pension expense in income statement, 1,000 €	**2008**	**2007**
Expenses based on service during financial year	115	323
Expected return on scheme assets	-83	-105
Interest expenses	87	117
Actuarial gains (+) and losses (-)	-36	
Total	**83**	**335**

Benefit-based pension liability in balance sheet, 1,000 €	**2008**	**2007**
Present value of funded obligations	600	1,543
Fair value of scheme assets	-593	-1,507
Deficit/surplus	7	36
Unrecognised net actuarial gains (+) and losses (-)	-7	-36
Net liability	**0**	**0**

Changes in present value of benefit obligations, 1,000 €	**2008**	**2007**
Present value of benefit obligations 1 Jan	1,543	2,144
Service cost	115	323
Interest cost on benefit obligations	87	117
Actuarial gains (+) and losses (-)	-1,144	-1,042
Present value of benefit obligations 31 Dec	**600**	**1,543**

Fair value of plan assets, 1,000 €	**2008**	**2007**
Fair value of plan assets 1 Jan	1,507	2,028
Expected return on plan assets	83	105
Contributions by employer	138	316
Actuarial gains (+) and losses (-)	-1,135	-941
Fair value of plan assets 31 Dec	**593**	**1,507**

Principal actuarial assumptions used

Discount rate (%)	5.50	5.25
Expected return on scheme assets (%)	5.50	5.25
Rate of increase in future compensation levels (%)	3.30	3.30
Future pension increases (%)	0.00	0.00
Inflation (%)	2.00	2.00

25. INTEREST-BEARING LIABILITIES, 1,000 €	**2008**		**2007**	
Non-current	Fair value	Balance sheet value	Fair value	Balance sheet value
Capital loan*	31,888	30,000	31,962	30,000
Bonds	601,175	601,728	663,228	663,227
Loans from financial institutions	29,277	28,625	36,221	35,782
Derivative liabilities	18,792	17,982	39,046	37,459
	681,132	678,336	770,456	766,468
Current	Fair value	Balance sheet value	Fair value	Balance sheet value
Current portion of long-term liabilities maturing within a year	78,483	77,496	42,616	42,158
Derivative liabilities	4,015	3,195	13,091	13,049
Other loans / Commercial papers (international and domestic)	176,315	173,831	146,698	144,941
	258,812	254,522	202,405	200,149
Total	**939,945**	**932,858**	**972,862**	**966,616**

*The fair value of capital loan has been presented assuming that they are redeemed on the first possible repurchase date.

The fair values of interest-bearing liabilities are based on the present values of cash flows. Loans raised in various currencies are measured at the present value on the basis of the yield curve of each currency. The discount rate includes the company-specific and loan-specific risk premium. Liabilities denominated in foreign currencies are translated into euros at the mid-rate quoted by ECB at the closing day.

Capital loan included in interest-bearing liabilities, 1,000 €				**2008**	**2007**
		Maturity date	Interest		
EUR	30,000	30.11.2029	6.388%*	30,000	30,000
Total				**30,000**	**30,000**

*The loan becomes due on 30 November 2029, but, if the company so decides, it can be paid back on 30 November 2009 or 30 November 2019 at 100% rate. The coupon rate is 6.388% p.a. until 30 November 2009, after which the interest rate is the 6 month Euribor + 2.28% p.a. until 30 November 2019. After this, the coupon rate is the 6 month Euribor + 3.28% p.a.

Bonds included in interest-bearing liabilities, 1,000 €				**2008**	**2007**
International:		Maturity date	Interest		
EUR	25,000	06.04.2009	variable interest	25,000	25,000
EUR	10,000	31.03.2010	interest rate structure	10,000	10,000
EUR	10,000	16.03.2011	3.625 %	10,000	10,000
EUR	25,000	23.03.2011	variable interest	25,000	25,000
EUR	15,000	24.03.2011	variable interest	15,000	15,000
EUR	20,000	07.04.2011	variable interest	20,000	20,000
EUR	25,000	16.03.2012	variable interest	25,000	25,000
EUR	25,000	12.04.2012	variable interest	25,000	25,000
EUR	10,000	16.04.2013	variable interest	10,000	10,000
EUR	20,000	28.04.2013	variable interest	20,000	20,000
EUR	20,000	15.10.2013	4.30 %	20,000	20,000
EUR	24,000	02.07.2014	variable interest	24,000	24,000
EUR	20,000	11.04.2017	variable interest	20,000	20,000
EUR	25,000	11.04.2017	variable interest	25,000	25,000
				274,000	**274,000**
FIM	100,000	04.09.2008	4.75 %		16,812
FIM	160,000	19.08.2013	5.20 %	26,906	26,905
				26,906	**43,717**
USD	30,000	23.03.2009	variable interest	21,556	20,379
				21,556	**20,379**
JPY	3,000,000	23.05.2008	0.925 %		18,190
JPY	3,000,000	15.07.2009	1.84 %	23,783	18,190

JPY	1,000,000	12.07.2010	2.00 %	7,928	6,063
JPY	2,000,000	16.10.2010	1.022 %	15,855	12,126
JPY	3,000,000	05.07.2011	1.31 % *	23,783	18,190
JPY	3,000,000	25.07.2012	1.3575 % **	23,783	18,190
JPY	3,000,000	20.04.2015	1.45 %	23,783	18,190
				118,915	**109,137**
CHF	39,000	15.03.2010	2.24 %	26,263	23,569
CHF	39,000	22.05.2012	2.475 %	26,263	23,569
				52,525	**47,138**
CZK	750,000	05.05.2010	variable interest	27,907	28,166
				27,907	**28,166**
NOK	200,000	17.10.2016	5.15 %	20,513	25,132
NOK	200,000	11.04.2017	5.16 %	20,513	25,132
				41,026	**50,264**
SEK	225,000	03.04.2012	variable interest	20,699	23,831
SEK	225,000	11.04.2012	variable interest	20,699	23,831
SEK	100,000	21.03.2013	variable interest	9,200	10,592
SEK	200,000	03.04.2013	3.70 %	18,399	21,183
SEK	175,000	04.04.2014	4.30 %	16,099	18,535
SEK	220,000	01.12.2015	interest rate structure	24,135	27,455
				109,232	**125,427**
Bonds, long-term total				601,728	663,227
Bonds, short-term total				70,339	35,002
Total				**672,067**	**698,229**

*call option not exercised 5 July 2004
**call option not exercised 25 July 2006

Maturity of non-current interest-bearing liabilities, 1,000 €

	2009	2010	2011	2012	2013	2013+	Total
Bonds	70,339	87,953	93,783	141,444	104,505	174,043	**672,067**
Loans from financial institutions	7,156	7,156	7,156	7,156	7156		**35,782**
Total	**77,496**	**95,109**	**100,940**	**148,600**	**111,661**	**174,043**	**707,850**

Capital loan (30 million euros) is excluded from the table above, because the repayment schedule is conditional.

Capital structure
The corporate finances are planned over a long time span, and the company is ensured sufficient latitude and independent power of decision in the management of finances. The company aims to secure sufficient cash flow for the long-term development of transmission capacity, secured operational reliability and development of the electricity market so that the tariff level remains moderate. The company pursues as low average capital costs as possible by utilising a lower cost through debt financing as compared to equity cost. However, the goal is to keep the cash flow and debt service ratios of the company at such a level that the company retains its high credit rating. The high credit rating enables the company to tap the international and domestic money and capital markets.

26. PROVISIONS FOR LIABILITIES AND CHARGES, 1,000 €	2008	2007
Provisions 1 Jan	2,007	2,067
Provisions used	-52	-60
Provisions 31 Dec	**1,955**	**2,007**

Fingrid uses creosote-impregnated or CCA-impregnated wooden towers and cable trench covers. Decree YMA 711/2001 by the Finnish Ministry of the Environment categorises decommissioned impregnated wood as hazardous waste. A provision was recorded in 2004 of the related disposal costs materialising in the future decades.

27. DERIVATIVE CONTRACTS, 1,000 €	2008		2007	
Interest rate and currency derivatives	Net fair value 31 Dec 2008	Nominal value 31 Dec 2008	Net fair value 31 Dec 2007	Nominal value 31 Dec 2007
Cross-currency swaps	-22,314	367,266	-47,497	376,358
Forward contracts	1,097	19,418	-3,517	72,401
Interest rate swaps	199	134,000	-572	181,000
Interest rate options, bought	2,371	330,000	11,289	370,000
Total	**-18,648**	**850,684**	**-40,297**	**999,759**
Electricity derivatives	Net fair value 31 Dec 2008	Volume TWh 31 Dec 2008	Net fair value 31 Dec 2007	Volume TWh 31 Dec 2007
Electricity forward contracts, designated as hedge accounting, Nord Pool Clearing	-35,232	3.52	19,496	3.03
Electricity forward contracts, Nord Pool Clearing	-4	0.00	1,303	0.28
Electricity forward contracts, others	-125	0.07	1,993	0.14
Total	**-35,361**	**3.59**	**22,792**	**3.46**

The fair values of financial derivatives are included in the balance sheet in non-current and current interest-bearing liabilities, interest and other financial liabilities, and noncurrent and current financial and other receivables.

Interest rate options included in financial 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.

Electricity forward contracts, others, includes bilateral financial and physical purchase commitments concerning electricity purchases, not cleared separately by a clearing organisation. The derivatives hedge future electricity losses.

The net fair value of derivatives indicates the realised profit/loss if they had been reversed on the last business day of 2008.

Maturity of derivative contracts:

Nominal value, 1,000 €	2009	2010	2011	2012	2013	2013+	Total
Interest rate swaps	69,000	10,000	10,000	45,000			**134,000**
Interest rate options	20,000	290,000	20,000				**330,000**
Cross-currency swaps	45,339	77,953	23,783	91,444	27,599	101,147	**367,266**
Forward contracts	19,418						**19,418**
Total	**153,758**	**377,953**	**53,783**	**136,444**	**27,599**	**101,147**	**850,684**

TWh	2009	2010	2011	2012	2013	2013+	Total
Electricity derivatives	1.17	1.01	0.70	0.47	0.24		**3.59**
Total	**1.17**	**1.01**	**0.70**	**0.47**	**0.24**		**3.59**

28. OTHER LIABILITIES, 1,000 €	2008	2007
Electricity derivatives	35,361	
Total	**35,361**	

29. TRADE PAYABLES AND OTHER DEBT, 1,000 €	2008	2007
Trade payables	24,693	26,423
Trade payables to associated companies	133	145
Interest liabilities	13,610	13,618
Value added tax	4,324	6,599
Electricity tax	389	416
Accruals	17,278	9,826
Other debt	610	653
Total	**61,037**	**57,680**

Essential items included in accruals		
Personnel expenses	4,120	3,697
Accruals of sales and purchases	13,141	6,036
Other	17	92
Total	**17,278**	**9,826**

30. COMMITMENTS AND CONTINGENT LIABILITIES, 1,000 €	2008	2007
Pledges		
Pledge covering property lease agreements	46	38
Pledged account in favour of the Customs Office	154	27
Pledged account covering electricity exchange purchases	5,664	45
	5,865	**110**
Unrecorded investment commitments	**219,213**	**70,586**
Other financial commitments		
Counterguarantee in favour of an associated company	1,700	1,700
Credit facility commitment fee and commitment fee:		
Commitment fee for the next year	158	102
Commitment fee for subsequent years	409	393
	2,268	**2,194**
Donation of five-year professorship to Helsinki University of Technology for 2006 - 2010	240	360

31. OTHER LEASE AGREEMENTS, 1,000 €	2008	2007
Minimum rental obligations of other irrevocable lease agreements:		
In one year	2,012	1,761
In more than one year and less than five years	5,083	5,557
In more than five years	2,333	1,530
Total	**9,428**	**8,847**

The foremost lease agreements of the Group relate to office premises. The durations of lease agreements range from less than one year to ten years, and the contracts can usually be extended after the original date of expiration. The index, renewal and other terms of the different agreements vary.

The Group has rented for instance several land areas and some 110 kilovolt transmission lines and circuit breaker bays.

32. LEGAL PROCEEDINGS AND PROCEEDINGS BY AUTHORITIES

There are no ongoing legal proceedings or proceedings by authorities that would have a material impact on the business of the company. In relation to transmission line projects there are several complaints made to different instances of justice. According to the management of the company there are no on going legal proceedings or other such legal proceedings relating to other areas, which final outcome would have a material impact on the financial position of the Group.

In December 2008 the Market Court reached a decision concerning Fingrid´s appeal to the Energy Market Authority´s decision 13 December 2007 "Determination of the methodology for the assessment of the return of the grid owners' grid operations transmission services pricing for the review period starting on 1 January 2008 and ending on 31 December 2011". The Energy Market Authority has in turn appealed the decision to the Supreme Administrative Court. RAO Nordic Oy has made an application to take action to the Competition Authority, in order to clarify that Fingrid's cross-border transmission is accordance with the Act on competition restrictions.

33. RISK MANAGEMENT

The objective of Fingrid's risk management is to make preparations for cost-effective measures providing protection against damage and loss relating to risks and to make the entire personnel committed to considering the risks pertaining to the company, its various organisational units and each employee. In order to fulfil these objectives, risk management must be continuous and systematic. The significance of individual risks or risk entities is assessed against the present level of protection, taking into account the probability of a disadvantageous event, its financial impact and impact on corporate image or on the attainment of the business goals. The Board of Directors approves the primary principles for risk management and any amendments to them. The Board of Directors approves the primary action for risk management as part of the corporate strategy, indicators, operating plan, and budget. The control committee of the Board of Directors receives a situation report of the major risks relating to the operations of the company and of the management of such risks.

FINANCIAL RISK MANAGEMENT
Fingrid Oyj is exposed to market, liquidity and credit risks when managing the financial position of the company. The company's objective is to reduce risks such that the fluctuations of Fingrid's cash flow remains low.

Primary principles for financing
The Board of Directors of Fingrid Oyj approves the primary principles for financing, stating the guidelines for external funding, financial asset management, market, liquidity, refinancing and credit risks.

Risk management execution and reporting
The treasury is responsible for executing the external funding, the financial asset management and manages the market risks which the company is exposed to. The financial activities of the company are reported four times a year to the Board of Directors. The treasury is responsible for identifying, measuring and reporting the financial risks, which the company may be exposed to.

Risk management processes
The treasury is in charge of risk management monitoring, systems and models as well as methods, for risk calculation and assessment.

Market risks
Fingrid Oyj uses derivative agreements in order to hedge market risks such as foreign exchange, interest rate risk and commodity risks. Derivatives are only used for hedging purposes, and therefore the company does not enter into any deals for market speculation. The hedging instruments are defined in the primary principles for financing or in the loss power procurement policy, and chosen in order to achieve efficient hedging of a risk exposure.

Foreign exchange risk
The functional currency of the company is the euro. The basic rule of the company is to protect foreign exchange risks, but can according to the primary principals for financing, leave an exposure unhedged, which may not exceed 10 % of the financial assets.

Transaction exposure
The company issues securities in the domestic and international money and capital markets. The interest bearing debt portfolio of the company is distributed between different convertible currencies and the total debt portfolio and the related interest rate flows are hedged against currency risk.

The foreign exchange risk of each bond is done in conjunction with the underlying debt issuance. Business related currency risks are small and they are hedged. Therefore is there no sensitivity analysis presentation. During the financial year the company used foreign exchange forwards and cross currency swaps for hedging the transaction exposure. The tables below first illustrate currency distribution and the hedging rate of the interest bearing debt of the company and then the sensitivity analysis of the euro against the foreign currencies, which also proves that the company does not have any open foreign exchange risk.

Currency distribution and hedging degree of interest-bearing liabilities, 1,000 €

Currency distribution 31 Dec 2008	Carrying amount	Portion %	Hedging degree	Currency distribution 31 Dec 2007	Carrying amount	Portion %	Hedging degree
EUR	522,829	57		EUR	465,358	51	
CHF	52,525	6	100	CHF	47,138	5	100
CZK	27,907	3	100	CZK	28,166	3	100
JPY	118,915	13	100	JPY	109,137	12	100
NOK	41,026	5	100	NOK	50,264	5	100
SEK	109,232	12	100	SEK	125,427	14	100
USD	39,246	4	100	USD	90,618	10	100
Total	**911,681**	**100**	**100**	**Total**	**916,108**	**100**	**100**

The sensitivity analysis of foreign exchange rate is measured as a 10 % between the euro and the one currency in question. The company's result will not be subject to exchange rate differentials, since the debt denominated in foreign currencies are hedged against foreign exchange changes. In the figures presented in the tables below, a negative number would increase foreign exchange loss and a positive number would correspondingly increase foreign exchange gain.

Exchange rate changes, 1,000 €

31 Dec 2008		Bonds	Commercial papers	Total	Cross-currency swaps	Forward contracts	Total	Net exposure Total
CHF	+10 %	-5,896		-5,896	5,896		5,896	0
	- 10 %	4,824		4,824	-4,824		-4,824	0
CZK	+10 %	-3,117		-3,117	3,117		3,117	0
	- 10 %	2,550		2,550	-2,550		-2,550	0
JPY	+10 %	-12,947		-12,947	12,947		12,947	0
	- 10 %	10,592		10,592	-10,592		-10,592	0
NOK	+10 %	-4,317		-4,317	4,317		4,317	0
	- 10 %	3,532		3,532	-3,532		-3,532	0
SEK	+10 %	-11,701		-11,701	11,701		11,701	0
	- 10 %	9,573		9,573	-9,573		-9,573	0
USD	+10 %	-2,393	-1,993	-4,386	2,393	1,993	4,386	0
	- 10 %	2,154	1,794	3,948	-2,154	-1,794	-3,948	0

Exchange rate changes, 1,000 €

31 Dec 2007		Bonds	Commercial papers	Total	Cross-currency swaps	Forward contracts	Total	Net exposure Total
CHF	+10 %	-5,202		-5,202	5,202		5,202	0
	- 10 %	4,275		4,275	-4,275		-4,275	0
CZK	+10 %	-3,142		-3,142	3,142		3,142	0
	- 10 %	2,571		2,571	-2,571		-2,571	0
JPY	+10 %	-12,231		-12,231	12,231		12,231	0
	- 10 %	10,007		10,007	-10,007		-10,007	0
NOK	+10 %	-5,485		-5,485	5,485		5,485	0
	- 10 %	4,487		4,487	-4,487		-4,487	0
SEK	+10 %	-13,451		-13,451	13,451		13,451	0
	- 10 %	11,005		11,005	-11,005		-11,005	0
USD	+10 %	-2,268	-7,915	-10,183	2,268	7,915	10,183	0
	- 10 %	1,856	6,476	8,332	-1,856	-6,476	-8,332	0

Translation exposure
The company holds an equity investment in an associated company denominated in a foreign currency. This translation risk is unhedged. The sensitivity analysis is (10 % changes) is presented in the following table. The table shows a 10 % change of the Norwegian krone and the impact of the change on the company's equity.

Translation exposure, 1,000 €		**2008**	**2007**
		Equity 31 Dec 2008	Equity 31 Dec 2007
NOK	+10 %	340	410
	- 10 %	-278	-336

Interest rate risk
The company is only exposed to interest rate risk in euros, because the interest bearing debt are both in terms of principal and interest payments hedged against exchange rate risk, and the financial assets are denominated in euros. The interest-bearing liabilities are mainly linked to floating rates.
Interest rate risk is managed in accordance with the main principles of financing so that 30 - 70 % of the interest costs are hedged over the next five years. When the interest rates are high, the hedging level is kept close to the lower limit of the range, and when the interest rates are low, the hedging level is kept close to the upper limit of the range. The specified low level of interest rates is 3 % or less, and high level of interest rates is 5 % or more. At the end of 2008, 35 % of the interest costs for the next five years were hedged, and correspondingly 42 % were hedged at the end of 2007.

The sensitivity of the interest rate risk is measured as a 1 percentage unit interest rate fluctuation and by using the CfaR method (Cashflow at Risk). The assumed fluctuation in interest rates is the effect of a 1 percentage unit fluctuation during the next 12 months from the closing date. The analysis of interest rate sensitivity is carried out on interest-bearing liabilities including exchange rate hedging, the derivatives portfolio hedging the interest rate exposure, and on cash and cash equivalents, which result in a net liability position exposed to interest rate fluctuations.

Interest rate sensitivity, 1,000 €	**2008**		**2007**	
	-1%-unit	+1%-unit	-1%-unit	+1%-unit
Interest-bearing liabilities	6,586	-6,586	7,027	-7,027
Interest rate derivatives	-235	2,772	1,123	2,098
Interest-bearing liabilities total	6,351	-3,814	8,150	-4,929
Cash and cash equivalents	-1,448	1,448	-1,763	1,763
Interest-bearing net liabilities total	**4,903**	**-2,366**	**6,387**	**-3,166**

The following table presents how the CfaR method is used for measuring the impact of the interest-bearing liabilities, derivatives, and cash and cash equivalents have, with a given confidence level and over time horizon of 12 months, on the cash flow of the company. The other finance costs of the company are not included in the calculation.

Cashflow at Risk, 1,000 €	**2008**		**2007**		
	31 Dec 2008			31 Dec 2007	
Confidence level	Net finance costs		Confidence level	Net finance costs	
96 %	min.	25,121	96 %	min.	31,463
	max.	30,971		max.	33,590
98 %	min.	24,766	98 %	min.	31,282
	max.	31,277		max.	33,718

Commodity risk
The company is exposed to price and volume risk through transmission losses. Loss energy purchases are hedged in accordance with the loss energy purchasing principles accepted by the Board of Directors. The time span of price hedging is five years, divided into three parts: basic, budgetary and operative hedging. Moreover, the company has operative instructions for physical electricity purchases, instructions for price hedging and control room instructions. For hedging of loss energy purchases, the company uses Nord Pool ASA's electricity derivative contracts and bilateral contracts.

If the market prices of electricity derivatives had been 20 % higher or lower on the closing date, the change in the fair value of electricity derivatives would have been 28.3 million euros higher or lower (34.7 million euros in 2007). The impact on the company's equity would have been 20.9 (25.7) million euros. The impact on the equity is presented as the total impact on equity, without separating the impact of hedge accounting, which was implemented during the financial year.

Liquidity risk and refinancing risk
Fingrid is exposed to liquidity and refinancing risk deriving from redemption of loans, payments and fluctuations in cash flow from operating activities.

The liquidity of the company must be arranged so that 100% of the refinancing need for the next 12 months is covered by means of liquid assets and available long-term committed credit lines; however, so that the refinancing need may not account for more than 45 % of the total amount of the company's debt financing. As back-up for the liquidity the company has a revolving credit facility of 250 million euros. The revolving credit facility will mature on 16 November 2012. The revolving credit facility has not been drawn.

The company's funding is carried out through debt issuance programmes. The company operates in the international capital market by issuing bonds under the Medium Term Note Programme: The Programme size is one billion euros. Short-term funding is arranged through commercial paper programmes; a Euro Commercial Paper Programme of 600 million euros and a domestic commercial paper programme of 150 million euros. The refinancing risk reduced by an even maturity profile so that the refinancing need over periods of 12 months in excess of one year must not exceed 30 % of the company's amount of debt financing. Contactual repayments and interest costs of interest-bearing financial liabilities are presented in the next table. The interest rate percentages of variable-interest loans are defined using the zero coupon curve. The repayments and interest amounts are un-discounted values. Finance costs relating to cross-currency swaps, interest rate swaps and forward contracts are often paid in net amounts depending on their nature. In the following table, they are presented in gross amounts.

Contractual repayments and interest costs of interest-bearing financial liabilities and payments and receivables of financial derivatives, 1,000 €

31 Dec 2008		2009	2010	2011	2012	2013	2013+	Total
Capital loan	- repayments	30,000						30,000
	- interest costs	2,882						2,882
Bonds	- repayments	70,339	87,953	93,783	141,444	104,505	170,151	668,175
	- interest costs	19,465	15,869	15,321	13,081	10,025	17,909	91,670
Loans from financial institutions	- repayments	7,156	7,156	7,156	7,156	7,156		35,782
	- interest costs	1,138	811	702	423	162		3,236
Commercial papers	- repayments	173,830						173,830
	- interest costs	3,434						3,434
Cross-currency swaps	- payments	60,489	84,283	37,241	106,365	36,658	124,462	449,499
Interest rate swaps	- payments	1,987	1,636	1,632	1,215	751		7,221
Forward contracts	- payments	18,321						18,321
Total		**389,041**	**197,708**	**155,835**	**269,685**	**159,257**	**312,523**	**1,484,049**
Cross-currency swaps	- receivables	54,866	85,635	30,665	97,941	32,272	111,384	412,763
Interest rate swaps	- receivables	1,711	1,885	2,148	1,081	860		7,685
Forward contracts	- receivables	19,375						19,375
Total		**75,952**	**87,520**	**32,813**	**99,022**	**33,132**	**111,384**	**439,823**
Grand total		**313,088**	**110,189**	**123,022**	**170,663**	**126,125**	**201,139**	**1,044,226**

31 Dec 2007		2008	2009	2010	2011	2012	2012+	Total
Capital loans	- repayments		30,000					30,000
	- interest costs	1,916	2,882					4,798
Bonds	- repayments	35,002	63,569	79,925	88,190	139,421	292,122	698,229
	- interest costs	27,586	24,985	22,845	20,444	15,896	33,828	145,584
Loans from financial institutions	- repayments	7,156	7,156	7,156	7,156	7,156	7,157	42,939
	- interest costs	1,589	1,350	1,049	748	389	74	5,199
Commercial papers	- repayments	144,941						144,941
	- interest costs	2,384						2,384
Cross-currency swaps	- payments	47,256	66,124	90,149	41,103	108,579	164,527	517,738
Interest rate swaps	- payments	7,248	5,479	2,692	2,372	1,544	975	20,310
Forward contracts	- payments	75,952						75,952
Total		**351,031**	**201,545**	**203,816**	**160,013**	**272,985**	**498,683**	**1,688,074**
Cross-currency swaps	- receivables	30,780	50,429	80,651	27,580	97,494	160,513	447,444
Interest rate swaps	- receivables	7,398	5,314	2,464	2,409	1,150	860	19,595
Forward contracts	- receivables	72,383						72,383
Total		**110,560**	**55,743**	**83,115**	**29,989**	**98,644**	**161,373**	**539,422**
Grand total		**240,471**	**145,802**	**120,702**	**130,024**	**174,342**	**337,311**	**1,148,651**

Credit risk
Credit risk arises from a counterparty not fulfilling its contractual commitments towards Fingrid. Such risks arise in the company's operations and financial activities.

Credit risk in operations
The company measures and monitors its counterparty risks as part of business monitoring and reporting. The credit rating and payment behaviour of all counterparties and suppliers are regularly monitored. The company has no significant credit risk concentrations. The company did not incur credit losses or rearrange the terms of trade receivables during the financial year.

Credit risk in financing
The company is exposed to credit risk through derivative agreements and financial investments. The company only has derivaives outstanding and invests its funds within the permitted risk limits. There is an upper limit in euros for each counterparty. The company signs the International Swap Dealers Association's (ISDA) Master Agreement with each counterparty before entering into a derivative transaction. The counterparty risks of financial instruments did not incur any losses during the financial year.

34. RELATED PARTY TRANSACTIONS

Fingrid Group's related parties comprise associated companies Porvoon Alueverkko Oy and Nord Pool Spot AS, the biggest owners Fortum Power and Heat Oy and Pohjolan Voima Oy with their group companies, and top management with its related parties. Top management is composed of the Board of Directors, President, and management team.

The company has not lent money to the top management, and the company has no transactions with the top management. Fingrid Oyj has granted Porvoon Alueverkko Oy a counter guarantee of 1.7 million euros.

Business with related parties are conducted at market prices.

Employee benefits of top management, 1,000 €	**2008**	**2007**
Salaries and other short-term employee benefits	1,126	1,111

Transactions with associated companies, 1,000 €	**2008**	**2007**
Sales	3,788	3,453
Purchases	52,083	33,755
Receivables	844	1,573
Liabilities	176	145

Loans receivable from associated companies, 1,000 €	**2008**	**2007**
1 Jan		194
Repayment of loans		-85
31 Dec		**110**

Transactions with related parties, 1,000 €	**2008**	**2007**
Sales	95,582	86,256
Purchases	57,153	43,828
Receivables	8,208	6,186
Liabilities	855	4,639

General procurement principles
The group follows three alternative procurement methods when purchasing goods or services. When the costs and value of the purchase are less than 5,000 euros, an oral call for bid is made and written order or purchasing contract. When the procurement exceeds 5,000 euros but is below the values applied to public procurements, bids are requested and competitive bidding is arranged. When the limits for public procurements concerning Fingrid (0.4 million euros for goods and services and 5.15 million euros for construction projects) are exceeded, the company applies the public procurement procedure.

35. EMISSION RIGHTS

Fingrid was granted emission rights in total 126.3 thousand tonnes for the years 2008-2010, of which Olkiluoto power station was granted a share of 112.3 thousand tonnes (for 2005-2007: 13.4 thousand tonnes). Of this volume 3.0 thousand tonnes were used in 2008 (2007: 6.6 thousand tonnes), of which Olkiluodo power station share was 0.8 thousand tonnes. The use of emission rights did not impact the profit in 2005 to 2006, because the company only used emission rights obtained free of charge. In 2007 the company bought 2.0 thousand tonnes emission rights, which had a minor impact on the profit. During the accounting period of 2008 the sale of emission rights amounted to 15 thousand tonnes.

36. EVENTS AFTER CLOSING DATE

The Group management is not aware of such essential events after the closing date that would affect the financial statements.

PARENT COMPANY FINANCIAL STATEMENTS (FAS)

PARENT COMPANY PROFIT AND LOSS ACCOUNT	Notes	1 Jan - 31 Dec 2008 €	1 Jan - 31 Dec 2007 €
TURNOVER	2	382,229,533.99	332,937,877.30
Other operating income	3	2,508,339.28	1,878,021.54
Materials and services	4	-188,546,066.57	-147,150,488.67
Staff expenditure	5	-19,500,943.64	-18,718,550.62
Depreciation and amortisation expense	6	-68,775,922.62	-64,789,636.48
Other operating expenses	7, 8	-34,561,619.82	-35,184,959.82
OPERATING PROFIT		**73,353,320.62**	**68,972,263.25**
Finance income and costs	9	-32,089,027.56	-33,050,563.75
PROFIT BEFORE EXTRAORDINARY ITEMS		**41,264,293.06**	**35,921,699.50**
PROFIT BEFORE PROVISIONS AND TAXES		**41,264,293.06**	**35,921,699.50**
Provisions	10	-32,727,823.79	-30,698,892.27
Income taxes	11	-2,066,073.31	-1,224,275.08
PROFIT FOR THE FINANCIAL YEAR		**6,470,395.96**	**3,998,532.15**

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PARENT COMPANY BALANCE SHEET

ASSETS	Notes	31 Dec 2008 €	31 Dec 2007 €
NON-CURRENT ASSETS			
Intangible assets			
Goodwill	12	55,754,297.46	62,187,485.62
Other non-current expenses	13	75,152,925.49	77,575,997.77
		130,907,222.95	**139,763,483.39**
Tangible assets	14		
Land and water areas		10,831,759.91	10,757,893.91
Buildings and structures		55,862,651.91	52,248,703.73
Machinery and equipment		390,000,149.49	409,005,786.93
Transmission lines		570,470,701.80	550,175,093.16
Other tangible assets		107,377.76	100,102.76
Advance payments and purchases in progress		81,081,134.39	58,289,459.02
		1,108,353,775.26	**1,080,577,039.51**
Investments	15		
Equity investments in Group companies		504,563.77	504,563.77
Equity investments in associated companies		6,641,360.21	6,641,360.21
Other shares and equity investments		721,405.83	607,090.83
		7,867,329.81	**7,753,014.81**
TOTAL NON-CURRENT ASSETS		**1,247,128,328.02**	**1,228,093,537.71**
CURRENT ASSETS			
Inventories	16	**4,627,709.26**	**4,800,526.18**
Receivables			
Non-current receivables			
Receivables from associated companies			
Current receivables			
Trade receivables		39,126,644.80	36,798,351.88
Receivables from Group companies		274,500.00	150,000.00
Receivables from associated companies	17	843,612.07	1,572,840.32
Other receivables		36,657.35	35,824.43
Prepayments and accrued income	18, 19	15,937,528.78	18,927,295.78
		56,218,943.00	**57,484,312.41**
Financial assets	20	**196,391,703.87**	**207,388,114.38**
Cash in hand and bank receivables	20	**6,103,687.98**	**3,023,236.09**
TOTAL CURRENT ASSETS		**263,342,044.11**	**272,696,189.06**
TOTAL ASSETS		**1,510,470,372.13**	**1,500,789,726.77**

PARENT COMPANY BALANCE SHEET

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	31 Dec 2008 €	31 Dec 2007 €
SHAREHOLDERS' EQUITY	21		
Share capital		55,922,485.55	55,922,485.55
Share premium account		55,922,485.55	55,922,485.55
Profit from previous financial years		2,997,002.30	6,167,732.80
Profit for the financial year		6,470,395.96	3,998,532.15
TOTAL SHAREHOLDERS' EQUITY		**121,312,369.36**	**122,011,236.05**
ACCUMULATED PROVISIONS	22	**385,981,315.14**	**353,253,491.35**
PROVISIONS FOR LIABILITIES AND CHARGES	30	**1,955,246.78**	**2,007,346.78**
LIABILITIES			
Non-current liabilities			
Capital loan	23	30,000,000.00	30,000,000.00
Bonds	24, 25	624,280,418.73	697,756,228.75
Loans from financial institutions		28,625,355.58	35,781,786.06
		682,905,774.31	**763,538,014.81**
Current liabilities			
Bonds	24	73,475,810.01	44,518,792.68
Loans from financial institutions		7,156,430.35	7,156,430.35
Trade payables		24,692,701.31	26,423,031.88
Liabilities to Group companies	26	259,243.05	525,972.96
Liabilities to associated companies	27	132,554.00	145,182.43
Other liabilities	28	177,902,946.29	156,064,727.51
Accruals	29	34,695,981.53	25,145,499.97
		318,315,666.54	**259,979,637.78**
TOTAL LIABILITIES		**1,001,221,440.85**	**1,023,517,652.59**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,510,470,372.13**	**1,500,789,726.77**

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PARENT COMPANY CASH FLOW STATEMENT	1 Jan - 31 Dec 2008 €	1 Jan - 31 Dec 2007 €
Cash flow from operating activities:		
Profit for the financial year	6,470,395.96	3,998,532.15
Adjustments:		
Business transactions not involving a payment transaction*	101,417,010.61	95,566,125.50
Interest and other finance costs	42,952,140.99	42,965,510.87
Interest income	-10,102,322.91	-9,233,315.02
Dividend income	-760,790.52	-681,632.10
Taxes	2,066,073.31	1,224,275.08
Changes in working capital:		
Change in trade receivables and other receivables	1,088,300.63	4,928,833.19
Change in inventories	172,816.92	-981,273.47
Change in trade payables and other liabilities	3,663,674.31	3,430,297.27
Change in provisions	-52,100.00	-60,040.22
Interests paid	-40,859,549.96	-45,209,306.93
Interests received	8,950,797.92	8,506,084.55
Taxes paid	-2,281,871.58	-824,609.96
Net cash flow from operating activities	112,724,575.68	103,629,480.91
Cash flow from investing activities:		
Purchase of tangible assets	-83,777,788.58	-78,110,954.38
Purchase of intangible assets	-2,764,660.75	-6,215,226.40
Investments in other assets	-114,315.00	-2,897.34
Proceeds from other investments		
Proceeds from sale of tangible assets	157,800.00	7,921.64
Repayment of loans receivable	109,619.43	84,848.28
Dividends received	760,790.52	681,632.10
Net cash flow from investing activities	-85,628,554.38	-83,554,676.10
Cash flow from financing activities:		
Withdrawal of short-term loans	354,438,029.45	206,155,015.45
Repayment of short-term loans	-330,605,523.55	-180,245,755.14
Withdrawal of long-term loans		196,550,335.67
Repayment of long-term loans	-51,675,223.17	-228,487,507.59
Dividends paid	-7,169,262.65	-6,923,203.71
Net cash flow from financing activities	-35,011,979.92	-12,951,115.32
Net change in cash and cash equivalents	**-7,915,958.62**	**7,123,689.49**
Cash and cash equivalents 1 Jan	**210,411,350.47**	**203,287,660.98**
Cash and cash equivalents 31 Dec	**202,495,391.85**	**210,411,350.47**

Notes to parent company cash flow statement

Adjustments:		
*Business transactions not involving a payment transaction	101,417,010.61	95,566,125.50
- Depreciation	68,775,922.62	64,789,636.48
- Increase or decrease In accumulated depreciation difference	32,727,823.79	30,698,892.27
- Capital gains/losses (-/+) on tangible and intangible assets	-86,735.80	77,596.75
- Others		

NOTES TO THE FINANCIAL STATEMENTS OF PARENT COMPANY

1. ACCOUNTING PRINCIPLES

Fingrid Oyj's financial statements have been drawn up in accordance with Finnish Accounting Standards (FAS). The items in the financial statements are valued at original acquisition cost.

Foreign currency transactions
Commercial flows and financial items denominated in foreign currencies are booked at the foreign exchange mid-rate quoted by the European Central Bank (ECB) at the transaction value date. Interest-bearing liabilities and assets and the derivatives hedging these items are valued at the mid-rate quoted by ECB at the closing day. Realised foreign exchange gains and losses of interest-bearing liabilities and assets and of the related derivatives are booked under finance income and costs at maturity. The realised foreign exchange rate differences of derivatives hedging commercial flows adjust the corresponding item in the income statement.

Interest rate and foreign exchange derivatives
In accordance with the financial policy, interest rate and cross-currency swaps, foreign exchange forwards and interest rate options are used for hedging Fingrid's interest and foreign exchange exposure of balance sheet items, interest flows and commercial flows. The accounting principles for derivatives are the same as for the underlying items. The interest flow of interest rate and cross-currency swaps and interest rate options is accrued and booked under interest income and expenses. The interest portion of forward foreign exchange contracts hedging the interest-bearing liabilities and assets is accrued over their maturity and booked under finance income and costs. Up-front paid or received premiums for interest rate options are accrued over the hedging period.

Electricity derivatives
Fingrid Oyj hedges the loss energy purchases by using bilateral contracts and electricity exchange products, such as forwards, futures and options. The price differentials arising from these contracts are booked at maturity adjusting the loss energy purchases in the income statement. Up-front paid or received premiums for options are accrued over the hedging period.

Research and development expenses
Research and development expenses are entered as annual expenses.

Valuation of fixed assets
Fixed assets are capitalised under immediate acquisition cost. Planned straight-line depreciation on the acquisition price is calculated on the basis of the economic lives of fixed assets. Depreciation on fixed assets taken into use during the financial year is calculated asset-specifically from the month of introduction.

The depreciation periods are as follows:

Goodwill	20 years
Other non-current expenses	
Rights of use to line areas	30-40 years
Other rights of use according to economic lives, maximum	10 years
Computer systems, operation control	7-15 years
Computer systems, others	3 years
Buildings and structures	
Substation buildings and separate buildings	40 years
Substation structures	30 years
Buildings and structures at gas turbine power plants	20 years
Separate structures	15 years
Transmission lines	
Transmission lines 400 kV	40 years
Direct current lines	40 years
Transmission lines 110-220 kV	30 years
Creosote-impregnated towers and related disposal expenses*	30 years
Aluminium towers of transmission lines (400 kV)	10 years
Optical ground wires	10-20 years
Machinery and equipment	
Substation machinery	10-30 years
Gas turbine power plants	20 years
Other machinery and equipment	3-5 years

* The disposal expenses are discounted at present value and added to the value of fixed assets and booked under provisions for liabilities and charges.

Goodwill is depreciated over a 20-year period, since power transmission operation is a long-term business in which income is accrued over several decades.

Emission rights
Emission rights are treated in accordance with the net procedure in conformance with statement 1767/2005 of the Finnish Accounting Board.

Valuation of inventories
Inventories are entered according to the FIFO principle at the acquisition cost, or at the lower of replacement cost or probable market price.

Cash in hand, bank receivables and financial securities
Cash in hand and bank receivables include cash assets and bank balances. Financial securities include certificates of deposit, commercial papers, treasury bills and investments in short-term money-market funds. Quoted securities and comparable assets are valued at the lower of original acquisition cost or probable market price.

Interest-bearing liabilities
Fingrid's non-current interest-bearing liabilities consist of loans from financial institutions and bonds issued under the international and domestic Debt Issuance Programmes. The current interest-bearing liabilities consist of commercial papers issued under the domestic and international programmes and of the current portion of noncurrent debt and bonds maturing within a year. The outstanding notes under the programmes are denominated in euros and foreign currencies. Fingrid has both fixed and floating rate debt and debt with interest rate structures. The interest is accrued over the maturity of the debt. The differential of a bond issued over or under par value is accrued over the life of the bond. The arrangement fees of the revolving credit facilities are as a rule immediately entered as expenses and the commitment fees are accrued over the maturity of the facility.

Financial risk management
The principles applied to the management of financial risks are presented in the notes of the Group under item 33.

Income taxes
The taxes include the accrued tax corresponding to the profit of the financial year as well as adjustments of taxes for previous financial years.

Deferred taxes
Deferred tax assets and liabilities are not recorded in the profit and loss statement or balance sheet. Information concerning these is presented in the notes.

2. REVENUE BY BUSINESS AREAS

The business of Fingrid Oyj comprises entirely transmission grid business with system responsibility. Because of this there is no division of revenue into separate business areas.

REVENUE, 1, 000 €	2008	2007
Grid service revenue	189,120	189,868
Sales of balance power	104,790	63,663
Cross-border transmission	22,409	22,967
ITC income	22,767	19,286
Congestion income	23,173	22,591
Peak load power	10,887	10,110
Service fee for feed-in tariff	278	150
Other operating revenue	8,805	4,302
Total	**382,230**	**332,938**

3. OTHER OPERATING INCOME, 1,000 €	2008	2007
Rental income	1,618	1,558
Contributions received	129	134
Other income	761	186
Total	**2,508**	**1,878**

4. MATERIALS AND SERVICES, 1,000 €	2008	2007
Purchases during the financial year	121,616	85,268
Loss energy purchases	49,918	46,280
Change in inventories, increase (-) or decrease (+)	173	-981
Materials and supplies	171,707	130,566
Grid service charges	46	53
Other external services	16,793	16,532
Services	16,839	16,584
Total	**188,546**	**147,150**

5. STAFF EXPENDITURE, 1,000 €	2008	2007
Salaries and bonuses	15,766	14,592
Pension expenses	2,398	2,810
Other additional personnel expenses	1,337	1,316
Total	**19,501**	**18,719**
Salaries and bonuses of the members of the Board of Directors and President	**341**	**267**
Arto Lepistö, Chairman of the Board	21	15
Timo Rajala, 1st Deputy Chairman of the Board	15	14
Timo Karttinen, 2nd Deputy Chairman of the Board	15	8
Ari Koponen, Member of the Board	11	5
Ritva Nirkkonen, Member of the Board	13	7
Anja Silvennoinen, Member of the Board	13	11
Jorma Tammenaho, Member of the Board	13	9
Risto Autio, deputy Member of the Board	5	6
Jussi Hintikka, deputy Member of the Board	6	3
Pekka Kettunen, deputy Member of the Board	6	5
Kari Koivuranta, deputy Member of the Board	4	
Jukka Mikkonen, deputy Member of the Board	4	
Juha Laaksonen, deputy Member of the Board	5	4
Timo Ritonummi, deputy Member of the Board	5	4
Tapio Kuula, former Chairman of the Bord	4	17
Timo Koivuniemi, former deputy Member of the Board	1	4
Taisto Turunen, former 2nd Deputy Chairman of the Board		0
Marjukka Aarnio, former Member of the Board		3
Jukka Ruusunen, President & CEO	200	153

Pension commitments:
Pension commitments are described in the notes of the Group under item 24.

Number of salaried employees in the company during the financial year:

	2008	2007
Personnel, average	241	241
Personnel, 31 Dec	249	244

6. DEPRECIATION ACCORDING TO PLAN, 1,000 €	2008	2007
Goodwill	6,433	6,433
Other noncurrent expenses	5,188	5,198
Buildings and structures	2,626	2,015
Machinery and equipment	30,383	26,512
Transmission lines	24,146	24,632
Total*	**68,776**	**64,790**
*Depreciation on the electricity grid (notes 13 and 14)	53,839	50,796

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7. OTHER OPERATING EXPENSES, 1,000 €	2008	2007
Contracts, assignments etc. undertaken externally	26,324	27,186
Grid rents	449	420
Other rental expenses	1,652	1,623
Other expenses	6,137	5,956
Total	**34,562**	**35,185**

8. AUDITORS FEES, 1,000 €	2008	2007
Auditing fee	57	38
Other fees	25	24
Total	**82**	**63**

9. FINANCE INCOME AND COSTS, 1,000 €	2008	2007
Dividend income from Group companies	-114	-11
Dividend income from others	-647	-671
Interest and other finance income from Group companies	-4	-6
Interest and other finance income from others	-10,098	-9,227
	-10,863	-9,915
Interest and other finance costs to Group companies	15	21
Interest and other finance costs to others	42,937	42,945
	42,952	42,966
Total	**32,089**	**33,051**

10. PROVISIONS, 1,000 €	2008	2007
Difference between depreciation according to plan and depreciation carried out in taxation	**32,728**	**30,699**

11. INCOME TAXES, 1,000 €	2008	2007
Income taxes for the financial year	2,066	1,224
Total	**2,066**	**1,224**

Deferred tax assets and liabilities, 1,000 €		
Deferred tax assets		
On temporary differences	508	522
	508	**522**
Deferred tax liabilities		
On temporary differences	458	476
On provisions	100,355	91,846
	100,813	**92,322**
Total	**100,305**	**91,800**

12. GOODWILL, 1,000 €	2008	2007
Cost at 1 Jan	128,664	128,664
Cost at 31 Dec	**128,664**	**128,664**
Accumulated depreciation according to plan 1 Jan	-66,476	-60,043
Depreciation according to plan 1 Jan - 31 Dec	-6,433	-6,433
Carrying amount 31 Dec	**55,754**	**62,187**
Accumulated depreciation difference 1 Jan	-62,187	-68,621
Increase in depreciation difference reserve 1 Jan - 31 Dec		
Decrease in depreciation difference reserve 1 Jan - 31 Dec	6,433	6,433
Accumulated depreciation in excess of plan 31 Dec	**-55,754**	**-62,187**

13. OTHER NON-CURRENT EXPENSES, 1,000 €	2008	2007
Cost at 1 Jan	126,085	119,870
Increases 1 Jan - 31 Dec	2,808	6,215
Decreases 1 Jan - 31 Dec	-69	
Cost at 31 Dec	**128,824**	**126,085**
Accumulated depreciation according to plan 1 Jan	-48,509	-43,311
Decreases, depreciation according to plan 1 Jan - 31 Dec	26	
Depreciation according to plan 1 Jan - 31 Dec	-5,188	-5,198
Carrying amount 31 Dec*	**75,153**	**77,576**
Accumulated depreciation difference 1 Jan	-67,230	-68,705
Increase in depreciation difference reserve 1 Jan - 31 Dec	-3,059	-3,722
Decrease in depreciation difference reserve 1 Jan - 31 Dec	5,231	5,198
Accumulated depreciation in excess of plan 31 Dec	**-65,057**	**-67,230**

*Net capital expenditure in electricity grid, 1,000 €	2008	2007
Carrying amount 31 Dec	67,685	69,525
Carrying amount 1 Jan	-69,525	-71,417
Depreciation according to plan 1 Jan - 31 Dec	3,086	3,095
Decreases 1 Jan - 31 Dec	44	
Total	**1,290**	**1,203**

14. TANGIBLE ASSETS, 1,000 €	2008	2007
Land and water areas		
Cost at 1 Jan	10,758	10,496
Increases 1 Jan - 31 Dec	74	262
Decreases 1 Jan - 31 Dec		
Cost at 31 Dec	**10,832**	**10,758**
Buildings and structures		
Cost at 1 Jan	65,965	57,676
Increases 1 Jan - 31 Dec	6,240	8,394
Decreases 1 Jan - 31 Dec		-105
Cost at 31 Dec	**72,205**	**65,965**
Accumulated depreciation according to plan 1 Jan	-13,716	-11,726
Decreases, depreciation according to plan 1 Jan - 31 Dec		25
Depreciation according to plan 1 Jan - 31 Dec	-2,626	-2,015
Carrying amount 31 Dec	**55,863**	**52,249**
Accumulated depreciation difference 1 Jan	-9,101	-7,618
Increase in depreciation difference reserve 1 Jan - 31 Dec	-2,757	-3,576
Decrease in depreciation difference reserve 1 Jan - 31 Dec	2,626	2,093
Accumulated depreciation in excess of plan 31 Dec	**-9,231**	**-9,101**
Machinery and equipment		
Cost at 1 Jan	577,433	541,679
Increases 1 Jan - 31 Dec	11,377	35,760
Decreases 1 Jan - 31 Dec		-6
Cost at 31 Dec	**588,811**	**577,433**
Accumulated depreciation according to plan 1 Jan	-168,427	-141,918
Decreases, depreciation according to plan 1 Jan - 31 Dec		2
Depreciation according to plan 1 Jan - 31 Dec	-30,383	-26,512
Carrying amount 31 Dec	**390,000**	**409,006**
Accumulated depreciation difference 1 Jan	-77,046	-68,807
Increase in depreciation difference reserve 1 Jan - 31 Dec	-41,004	-34,751
Decrease in depreciation difference reserve 1 Jan - 31 Dec	30,383	26,512
Accumulated depreciation in excess of plan 31 Dec	**-87,667**	**-77,046**

Transmission lines		
Cost at 1 Jan	762,628	730,943
Increases 1 Jan - 31 Dec	44,469	31,686
Decreases 1 Jan - 31 Dec	-411	
Cost at 31 Dec	**806,686**	**762,628**
Accumulated depreciation according to plan 1 Jan	-212,453	-187,821
Decreases, depreciation according to plan 1 Jan - 31 Dec	384	
Depreciation according to plan 1 Jan - 31 Dec	-24,146	-24,632
Carrying amount 31 Dec	**570,471**	**550,175**
Accumulated depreciation difference 1 Jan	-137,690	-108,804
Increase in depreciation difference reserve 1 Jan - 31 Dec	-54,819	-53,518
Decrease in depreciation difference reserve 1 Jan - 31 Dec	24,237	24,632
Accumulated depreciation in excess of plan 31 Dec	**-168,272**	**-137,690**
Other tangible assets		
Cost at 1 Jan	100	88
Increases 1 Jan - 31 Dec	7	13
Decreases 1 Jan - 31 Dec		
Cost at 31 Dec	**107**	**100**
Advance payments and purchases in progress		
Cost at 1 Jan	58,289	61,343
Increases 1 Jan - 31 Dec	80,076	69,650
Decreases 1 Jan - 31 Dec	-57,285	-72,704
Cost at 31 Dec	**81,081**	**58,289**
Total*	**1,108,354**	**1,080,577**

***Net capital expenditure in electricity grid, 1,000 €**	**2008**	**2007**
Carrying amount 31 Dec	1,029,072	1,000,588
Carrying amount 1 Jan	-1,000,588	-982,512
Depreciation according to plan 1 Jan - 31 Dec	50,752	47,701
Decreases 1 Jan - 31 Dec	27	84
Total	**79,264**	**65,862**

15. INVESTMENTS, 1,000 €

	2008	**2007**
Equity investments in Group companies		
Cost at 1 Jan	505	505
Cost at 31 Dec	**505**	**505**
Equity investments in associated companies		
Cost at 1 Jan	6,641	6,641
Cost at 31 Dec	**6,641**	**6,641**
Other shares and equity investments		
Cost at 1 Jan	607	604
Increases 1 Jan - 31 Dec	114	3
Decreases 1 Jan - 31 Dec		
Cost at 31 Dec	**721**	**607**
Total	**7,867**	**7,753**

16. INVENTORIES, 1,000 €

	2008	**2007**
Materials and supplies	4,626	4,801
Work in progress	2	
Total	**4,628**	**4,801**

17. RECEIVABLES FROM ASSOCIATED COMPANIES, 1,000 €	2008	2007
Current:		
Loans receivable		110
Trade receivables	844	1,462
Prepayments and accrued income		1
	844	1,573
Total	**844**	**1,573**

18. PREPAYMENTS AND ACCRUED INCOME, 1,000 €	2008	2007
Interests and other financial items	11,760	11,962
Accruals of sales and purchases	3,815	6,720
Taxes	136	
Other	226	244
Total	**15,938**	**18,927**

19. UNRECORDED EXPENSES AND PAR VALUE DIFFERENTIALS ON THE ISSUE OF LOANS INCLUDED IN PREPAYMENTS AND ACCRUED INCOME, 1,000 €	2008	2007
Par value differentials	**4,014**	**4,277**

20. CASH AND CASH EQUIVALENTS, 1,000 €	2008	2007
Certificates of deposit	77,138	78,486
Commercial papers	119,254	83,900
Investments in money market funds		45,002
	196,392	207,388
Bank Deposits		160
Cash in hand and bank receivables*	6,103	2,863
	6,103	3,023
Total	**202,494**	**210,411**

*includes pledged bank accounts (note 31)

21. SHAREHOLDERS' EQUITY, 1,000 €	2008	2007
Share capital 1 Jan	55,922	55,922
Share capital 31 Dec	**55,922**	**55,922**
Share premium account 1 Jan	55,922	55,922
Share premium account 31 Dec	**55,922**	**55,922**
Profit from previous financial years 1 Jan	10,166	13,091
Dividend distribution	-7,169	-6,923
Profit from previous financial years 31 Dec	**2,997**	**6,168**
Profit for the financial year	**6,470**	**3,999**
Shareholders' equity 31 Dec	**121,312**	**122,011**
Distributable shareholders' equity	**9,467**	**10,166**

Number of shares, qty	Series A shares	Series B shares	Total
1 Jan 2008	2,078	1,247	3,325
31 Dec 2008	**2,078**	**1,247**	**3,325**

Series A shares confer three votes each at a shareholders' meeting and series B shares one vote each. When electing members of the Board of Directors, series A share confers 10 votes each at a shareholders' meeting and each series B share one vote each.

Series B shares have preferential right over series A shares to obtain the annual dividends specified below from the funds available for profit distribution. After this, a corresponding dividend is distributed to series A shares. If the annual dividend cannot be distributed in some year, the shares confer a right to receive the undistributed amount from the funds available for profit distribution in the subsequent years; however so that series B shares have preferential right over series A shares to receive the annual dividend and the undistributed amount.

A shareholders' meeting decides on the annual dividend for series B shares on the following grounds: The amount of the annual dividend is calculated on the basis of calendar years so that the subscription price of a share, added by amounts paid in conjunction with potential increases of share capital and reduced by potential amounts paid in refunds of equity, is multiplied by the dividend percentage; however so that the minimum dividend is 6%. The dividend percentage is defined on the basis of the yield of the 30-year German Government Bond.

Series B shares have preference with respect to dividends as stipulated in the Articles of Association. The dividend for 2008 is 6 % p.a. of the subscription price of the share.

There are no minority interests.

22. ACCUMULATED PROVISIONS, 1,000 €

	2008	2007
Accumulated depreciation in excess of plan, the difference between depreciation according to plan and depreciation carried out in taxation	**385,981**	**353,253**

23. CAPITAL LOAN, 1,000 €

	2008	2007
Debenture of capital loan nature 1999	30,000	30,000
Total	**30,000**	**30,000**

The terms of the capital loans fulfil the requirements of Chapter 5, Section 1 of the Companies Act (29.9.1978). The principal and interest for capital loans can be repaid only after debts with higher claim in the event of the liquidation or bankruptcy of the company.

The capital loan is publicly quoted and registered in the book-entry system of Finnish Central Securities Depository Ltd.

Debenture of capital loan nature 1999
The loan becomes due on 30 November 2029, but, if the company so decides, it can be paid back on 30 November 2009 or 30 November 2019 at 100% rate. The coupon rate is 6.388% p.a. until 30 November 2009, after which the interest rate is the 6 month Euribor + 2.28% p.a. until 30 November 2019. After this, the coupon rate is the 6 month Euribor + 3.28% p.a.

24. BONDS, 1,000 €				**2008**	**2007**
International:		Maturity date	Interest		
EUR	25,000	06.04.2009	variable interest	25,000	25,000
EUR	10,000	31.03.2010	interest rate structure	10,000	10,000
EUR	10,000	16.03.2011	3.625 %	10,000	10,000
EUR	25,000	23.03.2011	variable interest	25,000	25,000
EUR	15,000	24.03.2011	variable interest	15,000	15,000
EUR	20,000	07.04.2011	variable interest	20,000	20,000
EUR	25,000	16.03.2012	variable interest	25,000	25,000
EUR	25,000	12.04.2012	variable interest	25,000	25,000
EUR	10,000	16.04.2013	variable interest	10,000	10,000
EUR	20,000	28.04.2013	variable interest	20,000	20,000
EUR	20,000	15.10.2013	4.30 %	20,000	20,000
EUR	24,000	02.07.2014	variable interest	24,000	24,000
EUR	20,000	11.04.2017	variable interest	20,000	20,000
EUR	25,000	11.04.2017	variable interest	25,000	25,000
				274,000	**274,000**
FIM	100,000	04.09.2008	4.75 %		16,819
FIM	160,000	19.08.2013	5.20 %	26,910	26,910
				26,910	**43,729**
USD	30,000	23.03.2009	variable interest	24,476	24,476
				24,476	**24,476**
JPY	3,000,000	23.05.2008	0.925 %		27,700
JPY	3,000,000	15.07.2009	1.84 %	24,000	24,000
JPY	1,000,000	12.07.2010	2.00 %	10,215	10,215
JPY	2,000,000	16.10.2010	1.022 %	15,504	15,504
JPY	3,000,000	05.07.2011	1.31 % *	28,200	28,200
JPY	3,000,000	25.07.2012	1.3575 % **	25,400	25,400
JPY	3,000,000	20.04.2015	1.45 %	21,563	21,563
				124,881	**152,581**
CHF	39,000	15.03.2010	2.24 %	25,000	25,000
CHF	39,000	22.05.2012	2.475 %	25,000	25,000
				50,000	**50,000**
CZK	750,000	05.05.2010	variable interest	24,902	24,902
				24,902	**24,902**
NOK	200,000	17.10.2016	5.15 %	24,620	24,620
NOK	200,000	11.04.2017	5.16 %	24,620	24,620
				49,240	**49,240**
SEK	225,000	03.04.2012	variable interest	24,194	24,194
SEK	225,000	11.04.2012	variable interest	24,142	24,142
SEK	100,000	21.03.2013	variable interest	10,560	10,560
SEK	200,000	03.04.2013	3.70 %	21,305	21,305
SEK	175,000	04.04.2014	4.30 %	18,811	18,811
SEK	220,000	01.12.2015	interest rate structure	24,336	24,336
				123,347	**123,347**
Bonds, long-term total				624,280	697,756
Bonds, short-term total				73,476	44,519
Total				**697,756**	**742,275**

*call option not exercised 5 July 2004
**call option not exercised 25 July 2006

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25. LOANS FALLING DUE FOR PAYMENT IN FIVE YEARS OR MORE, 1,000 €

	2008	2007
Capital loan	30,000	30,000
Bonds	182,950	291,725
Loans from financial institutions		7,156
Total	**212,950**	**328,881**

26. LIABILITIES TO GROUP COMPANIES, 1,000 €

	2008	2007
Current:		
Other debts	259	524
Accruals		2
Total	**259**	**526**

27. LIABILITIES TO ASSOCIATED COMPANIES, 1,000 €

	2008	2007
Current:		
Trade payables	133	145
Total	**133**	**145**

28. OTHER DEBTS, 1,000 €

	2008	2007
Current:		
Other loans / Commercial papers (international and domestic)	172,649	148,552
Value added tax	4,324	6,599
Electricity tax	389	416
Other debts	541	499
Total	**177,903**	**156,065**

29. ACCRUALS, 1,000 €

	2008	2007
Current:		
Interests and other financial items	17,621	16,882
Salaries and additional personnel expenses	4,120	3,697
Accruals of sales and purchases	12,955	4,487
Other		79
Total	**34,696**	**25,146**

30. PROVISIONS FOR LIABILITIES AND CHARGES, 1,000 €

	2008	2007
Creosote-impregnated or CCA-impregnated wooden towers, disposal expenses	1,955	2,007
Total	**1,955**	**2,007**

31. COMMITMENTS AND CONTINGENT LIABILITIES, 1,000 €	2008	2007
Rental liabilities		
Liabilities for the next year	2,012	1,761
Liabilities for subsequent years	7,417	7,086
	9,428	8,847
Pledges		
Pledge covering property lease agreements	46	38
Pledged account in favour of the Customs Office	154	27
Pledged account covering electricity exchange purchases	5,664	45
	5,865	110
Other financial commitments		
Counterguarantee in favour of an associated company	1,700	1,700
Credit facility commitment fee and commitment fee:		
Commitment fee for the next year	158	102
Commitment fee for subsequent years	409	393
	2,268	2,194
Donation of five-year professorship to Helsinki University of Technology for 2006 - 2010	240	360

32. DERIVATIVE AGREEMENTS, 1,000 €	2008		2007	
Interest and currency derivatives	Net fair value 31 Dec 2008	Nominal value 31 Dec 2008	Net fair value 31 Dec 2007	Nominal value 31 Dec 2007
Cross-currency swaps	-22,314	367,266	-47,497	376,358
Forward contracts	1,097	19,418	-3,517	72,401
Interest rate swaps	199	134,000	-572	181,000
Interest rate options, bought	2,371	330,000	11,289	370,000
Total	**-18,648**	**850,684**	**-40,297**	**999,759**
Electricity derivatives	Net fair value 31 Dec 2008	Volume TWh 31 Dec 2008	Net fair value 31 Dec 2007	Volume TWh 31 Dec 2007
Electricity forward contracts, Nord Pool Clearing	-35,236	3.52	20,798	3.31
Electricity forward contracts, others	-125	0.07	1,993	0.14
Total	**-35,361**	**3.59**	**22,792**	**3.46**

Interest rate and cross-currency swaps and interest rate options are mark-to-market at the closing date so that the derived net cash flow is calculated on a net present value basis. Currency forwards are mark-to-market by using prevailing forward rates at the closing date.

Electricity forward contracts, others, includes bilateral financial and physical purchase commitments concerning electricity purchases, not cleared separately by a clearing organisation. The derivatives hedge future electricity losses.

The net fair value of derivatives indicates the realised profit/loss if they had been reversed on the last business day of 2008.

33. LEGAL PROCEEDINGS AND PROCEEDINGS BY AUTHORITIES

There are no ongoing legal proceedings or proceedings by authorities that would have a material impact on the business of the company. In relation to transmission line projects there are several complaints made to different instances of justice. According to the management of the company there are no on going legal proceedings or other such legal proceedings relating to other areas, which final outcome would have a material impact on the financial position of the Group.

Relating to the appeal by Fingrid to the decision 13 December 2007 by the Energy Market Authority the Market Court decided, "Determination of the methodology for the assessment of the return of the grid owners grid operations transmission services pricing for the review period starting 1 January 2008 ending 31 December 2011". The Energy Market Authority has for one appealed about the decision to the Supreme Administrative Court. RAO Nordic Oy has made an action inquiry to the Competition Authority, in order to clarify that Fingrid's cross-border transmission is accordance with the law for restrictions for competition.

34. SEPARATION OF BUSINESSES IN ACCORDANCE WITH THE ELECTRICITY MARKET ACT

Balance power and regulating power
Each electricity market party must ensure that its electricity balance is in balance by making an agreement with either Fingrid or some other party. Fingrid buys and sells balance power in order to balance the hourly power balance of an electricity market party (balance provider). Balance power trade and pricing of balance power are based on a balance service agreement with equal and public terms and conditions.

Fingrid is responsible for the continuous power balance in Finland by buying and selling regulating power in Finland. The balance providers can participate in the Nordic balancing power market by submitting bids of their available capacity. The terms and conditions of participation in the regulating power market and the pricing of balancing power are based on the balance service agreement.

Management of balance operation
In accordance with a decision by the Energy Market Authority, Fingrid Oyj shall separate the duties pertaining to national power balance operation from the other businesses by virtue of Chapter 7 of the Electricity Market Act.

The profit and loss account of the balance operation unit is separated by means of cost accounting as follows:

Income	direct
Separate costs	direct
Production costs	matching principle
Administrative costs	matching principle
Depreciation	matching principle in accordance with Fingrid Oyj's depreciation principles
Finance income and costs	on the basis of imputed debt
Income taxes	based on result

The average number of personnel during 2008 was 12 (12). The operating profit was 6.5 (4.0) per cent of turnover.

MANAGEMENT OF BALANCE OPERATION, SEPARATED PROFIT AND LOSS ACCOUNT	**1 Jan - 31 Dec 2008 1,000 €**	**1 Jan - 31 Dec 2007 1,000 €**
TURNOVER*	110,609	68,547
Materials and services*	-100,932	-63,801
Staff expenditure	-1,226	-1,058
Depreciation and amortisation expense	-486	-240
Other operating expenses	-779	-714
OPERATING PROFIT	**7,186**	**2,733**
Finance income and costs	0	0
PROFIT BEFORE PROVISIONS AND TAXES	**7,186**	**2,733**
Provisions	38	-315
Income taxes	-1,878	-629
PROFIT FOR THE FINANCIAL YEAR	**5,345**	**1,789**

*Turnover includes 5.8 (4.9) million euros of sales of balance power to balance provider Fingrid Oyj, and Materials and services includes 6.4 (4.8) million euros of its purchases.

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MANAGEMENT OF BALANCE OPERATION, SEPARATED BALANCE SHEET

ASSETS	**31 Dec 2008 1,000 €**	**31 Dec 2007 1,000 €**
NON-CURRENT ASSETS		
Intangible assets		
Other non-current expenses	394	590
		590
Tangible assets		
Machinery and equipment	965	1,232
Advance payments and purchases in progress	578	129
	1,543	1,361
TOTAL NON-CURRENT ASSETS	**1,937**	**1,951**
CURRENT ASSETS		
Current receivables		
Trade receivables	18	3,680
Receivables from Group companies	16,954	6,484
	16,972	10,164
Cash in hand and bank receivables	1	1
TOTAL CURRENT ASSETS	**16,973**	**10,165**
TOTAL ASSETS	**18,910**	**12,116**

SHAREHOLDERS' EQUITY AND LIABILITIES	**31 Dec 2008 1,000 €**	**31 Dec 2007 1,000 €**
SHAREHOLDERS' EQUITY		
Share capital	32	32
Share premium account	286	286
Profit from previous financial years	10,634	8,845
Profit for the financial year	5,345	1,789
TOTAL SHAREHOLDERS' EQUITY	**16,297**	**10,952**
ACCUMULATED PROVISIONS	**4**	**42**
LIABILITIES		
Current liabilities		
Trade payables	2,321	718
Other liabilities	289	405
	2,609	1,122
TOTAL LIABILITIES	**2,609**	**1,122**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**18,910**	**12,116**

Transmission system operation
Transmission system operation is deemed to cover the entire business of Fingrid Oyj, including system responsibility, which in turn includes balance operation.

Therefore, Fingrid Oyj’s financial statements represent the financial statements of transmission system operation.

34. KEY INDICATORS OF TRANSMISSION SYSTEM OPERATION	2008	2007
Return on investment (ROI) in transmission system operation, %	6.2	5.9

$$\text{Return on investment, \%} = \frac{\text{Profit before extraordinary items + interest and other finance costs + interest portions of leasing fees and rents of electricity grid}}{\text{Balance sheet total - non-interest-bearing liabilities + leasing and rent liabilities related to electricity grid (average for the year)}} \times 100$$

35. EMISSION RIGHTS

Fingrid was granted emission rights totaling 126.3 thousand tonnes for the years 2008 - 2010, of which Olkiluoto power station was granted a share of 112.3 thousand tonnes (for 2005 - 2007: 13.4 thousand tonnes). Of this volume 3.0 thousand tonnes were used in 2008 (2007: 6.6 thousand tonnes), of which Olkiluodo power station share was 0.8 thousand tonnes.

The use of emission rights did not impact the profit in 2005 to 2006, because the company only used emission rights obtained free of charge. In 2007 the company bought 2.0 thousand tonnes emission rights, which had a minor impact on the profit. During the accounting period of 2008 the sale of emission rights amounted to 15 thousand tonnes.

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3. Signatures for the annual review and for the financial statements

Helsinki, 13 February 2009

Arto Lepistö Chairman	Timo Rajala 1st Deputy Chairman	Timo Karttinen 2nd Deputy Chairman
Ari Koponen	Ritva Nirkkonen	Anja Silvennoinen
Jorma Tammenaho	Jukka Ruusunen President & CEO	

Auditor's notation

A report on the audit carried out has been submitted today.

Helsinki, 16 February 2009

PricewaterhouseCoopers Oy
Authorised Public Accountants

Juha Tuomala, Authorised Public Accountant