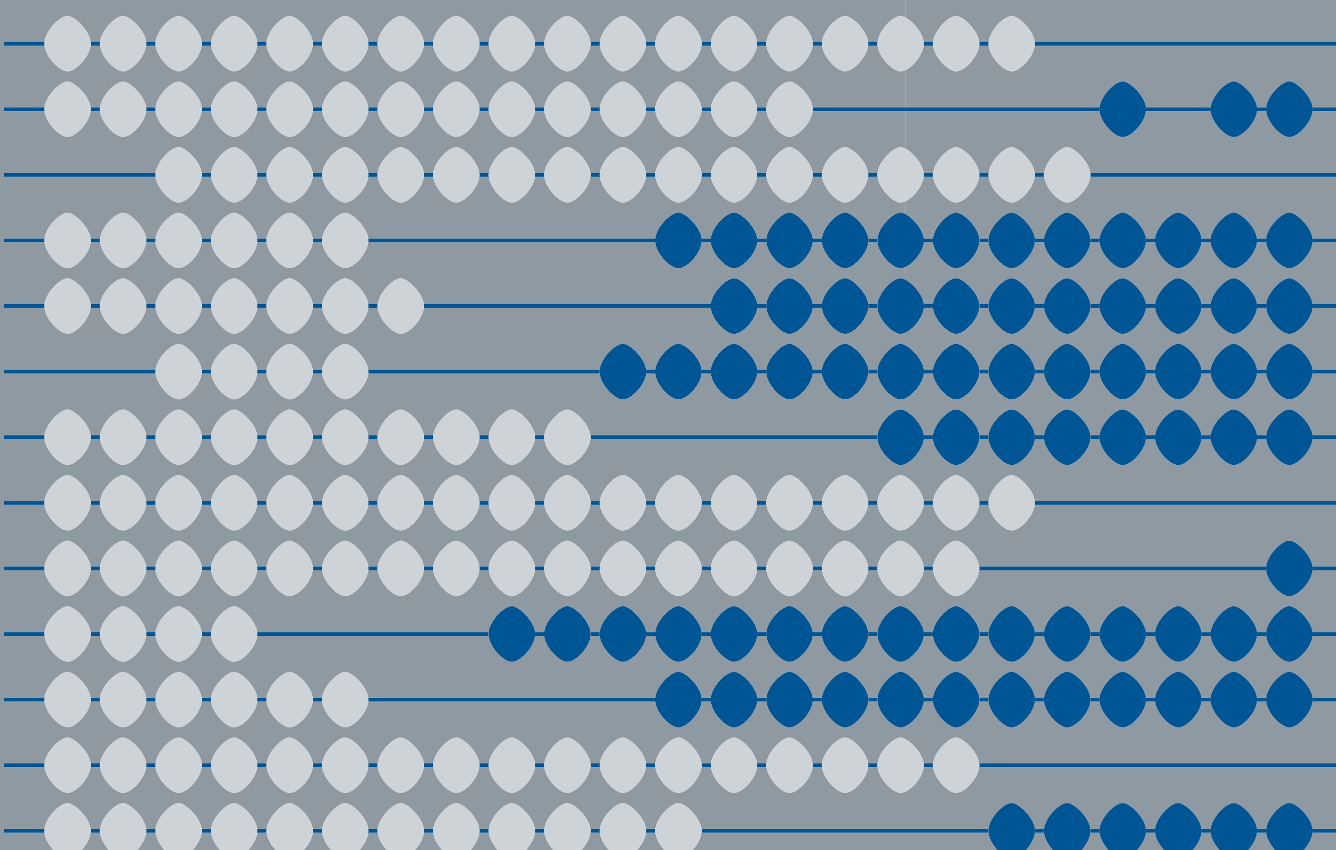
Financial Report '09

Group Report 2009
www.finnair.com/group



Financial Report

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Finnair Group Key Figures

FINNAIR GROUP KEY FIGURES				
		2009	2008	2007
Turnover	EUR mill.	1,838	2,256	2,181
Operational result, EBIT [1)]	EUR mill.	-180	1	97
Operational result, EBIT [1)] of turnover	%	-9.8	0.0	4.4
Operating profit, EBIT	EUR mill.	-124	-58	142
Result before taxes	EUR mill.	-134	-62	139
Unit revenues on flight operations [1)]	c/RTK	67.2	75.8	78.8
Unit costs on flight operations [1)]	c/RTK	74.7	76.6	74.9
Unit costs on flight operations [1)]	c/ATK	43.8	43.4	43.5
Earning per share	EUR	-0.81	-0.36	1.04
Equity per share	EUR	6.67	5.87	7.70
Gross investment	EUR mill.	348	233	326
Interest-bearing net debt	EUR mill.	221	-90	-222
Equity ratio	%	35.5	36.9	47.1
Gearing	%	25.9	-12.0	-22.5
Adjusted gearing	%	86.9	65.1	35.1
Return on capital employed (ROCE)	%	-8.4	-3.0	14.2
Average number of employees		8,797	9,595	9,480

[1)] Excluding capital gains, non recurring items and fair value changes of derivatives.
Unit revenues on flight operations c/RTK = Revenues of flight operations/flight operations RTK.
Unit costs on flight operations c/RTK = Operating expenses of flight operations/flight operations RTK.
Unit costs on flight operations c/ATK = Operating expenses of flight operations/flight operations ATK.

FINNAIR GROUP FLEET IN OPERATIONS 31 DECEMBER 2009					
	Seats	Total	Owned	Leased	Average age
Airbus A319	105-123	11	7	4	8.2
Airbus A320	111-159	12	6	6	7.4
Airbus A321	136-196	6	4	2	8.9
Airbus A330	271	5	4	1	0.5
Airbus A340	269	5	5	0	4.4
Boeing MD-11*)	282	3	0	3	14.9
Boeing B757	227	7	0	7	10.6
Embraer 170	76	9	5	4	3.7
Embraer 190	100	10	6	4	2.1
Total		**68**	**37**	**31**	**6.3**

*) Boeing MD-11 were withdrawn from fleet at the end of February 2010.

FINNAIR TRAFFIC PERFORMANCE 2005–2009						
		2009	2008	2007	2006	2005
Flight hours		207,178	232,389	228,487	211,813	202,070
Flight kilometres	1,000	139,835	155,300	147,094	133,890	125,410
Available seat kilometres	mill.	26,260	29,101	26,878	23,846	23,038
Revenue passenger kilometres	mill.	19,935	21,896	20,304	17,923	16,735
Passenger load factor	%	75.9	75.2	75.5	75.2	72.6
Available tonne kilometres	mill.	3,920	4,485	4,074	3,602	3,400
Revenue tonne kilometres	mill.	2,298	2,545	2,365	2,100	1,940
Overall load factor	%	58.6	56.7	58.0	58.3	57.0
Passengers	1,000	7,433	8,270	8,653	8,792	8,517
Cargo and mail	1,000 kg	89,234	102,144	98,684	93,807	90,242

Board of Director´s Report for the Financial year 1 January–31 December 2009

Market and General Review

The strongly negative trend in air transport demand in 2009 began to level off towards the end of the year. The result level for the sector remains negative, however, and the International Air Transport Association IATA estimates that airlines' total loss for 2009 will reach 11 billion US dollars.

Finnair's operational result for last year was a loss of 180 million euros. Turnover declined sharply due to falls in both demand and prices. Profitability weakened, as costs could not be adjusted quickly enough to match declining flight ticket and cargo price levels.

The Finnair Group's turnover fell last year by 18.5 per cent. Falling demand has affected both scheduled passenger and leisure traffic. The development of scheduled traffic prices was particularly affected by a reduction of business travel by more than 30 per cent from the previous year.

A cautious recovery of business travel demand has been perceptible from the end of last year, particularly outside Finland. Overcapacity in the sector is, however, continuing to keep ticket prices low, irrespective of the customer segment. Cargo demand was on a strongly downward trend throughout the year until the final quarter, but overcapacity kept cargo prices clearly below their 2008 level.

Due to capacity cuts, the passenger load factor of Finnair's flights has remained good.

To strengthen its balance sheet, Finnair issued in September a 120 million euro hybrid bond, which reduced the level of gearing. In addition, the company has obtained debt funding from a number of parties. Many airlines are encountering cash flow and financing problems. Compared with the sector, however, Finnair's gearing is moderate.

To improve rapidly deteriorating profitability, Finnair Group has under way an efficiency programme totalling 200 million euros, which delivered just over 100 million euros in savings last year. Of the programme, a savings target of around 120 million euros is allocated to personnel costs. A significant proportion of planned efficiencies and cost savings will be achieved through collective employment and stabilisation agreements concluded with personnel, while some will be found via temporary lay-offs and redundancies. Finnair has also made structural changes and has sought partnerships in a number of business areas.

Last year's result was also adversely affected by industrial action, including turnover lost and extra costs resulting from the threat of such action. During long collective employment agreement negotiations, the Finnish Airline Pilots' Association (SLL) threatened a strike in February 2009 and implemented a two-day strike in November.

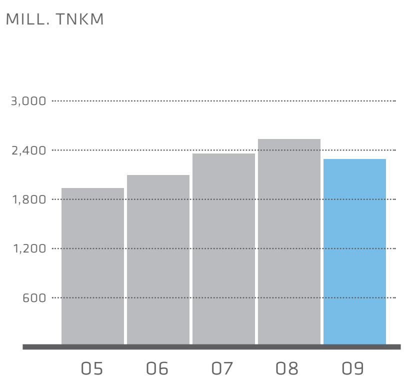
Further industrial action took place in ground handling operations, when a partnership arrangement was reached in respect of baggage handling and loading operations. At the beginning of December, around 500 employees, who had been transferred to a new employer, held a four-day illegal strike. A knock-on effect of the industrial action was a host of irregularities in Finnair's baggage handling services in an otherwise challenging traffic situation during the Christmas and New Year traffic peak period and poor weather conditions.

In European comparison, Finnair's service quality and traffic punctuality remained at a high level and improved clearly compared to the previous year.

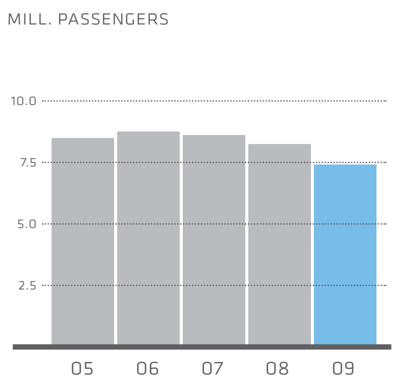
Financial Result, 1 January–31 December 2009

In 2009 the Finnair Group's turnover totalled 1,837.7 million euros (2,255.8), which is 18.5 per cent lower than the previous year. The Group's operational result, excluding capital

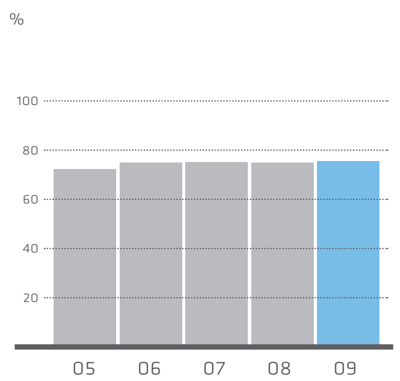
Revenue tonne kilometers



Number of passengers



Passenger load factor



gains, changes in the fair value of derivatives and non-recurring items, fell to a loss of 180.2 million euros (0.8 profit). Adjusted operating profit margin was –9.8 per cent (0.0). The result before taxes was a loss of 133.7 million euros (62.2).

Changes in the fair value of derivatives had a 55.5 million euro improvement effect on the full-year result. The corresponding item in the previous year weakened the reported result by 57.4 million euros.

In January–December, Finnair's passenger traffic capacity contracted by 9.8 per cent and revenue passenger kilometres fell by 9.0 per cent. Asian traffic declined by 9.9 per cent. Passenger load factor rose 0.7 percentage points from the previous year to 75.9 per cent. The amount of cargo carried fell by 12.6 per cent from the previous year.

In Group passenger traffic, total unit revenues per passenger kilometre fell by 11.5 per cent. Yield per passenger fell by 10.4 per cent. Unit revenue per tonne kilometre for cargo traffic declined by 29.4 per cent. Weighted unit revenue for passenger and cargo traffic fell by 12.8 per cent.

Euro-denominated operational expenses fell during 2009 by 10.5 per cent as turnover declined by 18.5 per cent. Unit costs per available tonne kilometre for flight operations rose by 0.8 per cent, and by 4.2 per cent excluding fuel costs. Unit costs per revenue tonne kilometre fell by 2.4 per cent.

All of the significant cost items fell due to lower operating levels as well as implemented efficiency measures. A fall in world market prices and new fuel-efficient aircraft also contributed to the decline in fuel costs.

In non-recurring items, capital gains were balanced by arrangement expenses and impairment losses.

For the full year, net operational cash flow was –120.6 million euros. The negative cash flow arose mainly in the first half of the year.

Earnings per share for 2009 amounted to –0.81 euros (–0.36).

Investment, Financing and Risk Management

Balance sheet cash and cash equivalents totalled 607.4 million euros (392.1) at the end of the year. Gearing stood at 25.9 per cent (–12.0). Gearing adjusted for leasing liabilities was 86.9 per cent (65.1). The equity ratio was 35.5 per cent (36.9). Finnair's solidity is good in comparison with the sector.

Investment in 2009 totalled 347.6 million euros (232.8). Including advance payments, the cash-flow impact of fleet and auxiliary investments in 2009 was around 265 million euros and the estimate for 2010 is around 200 million euros.

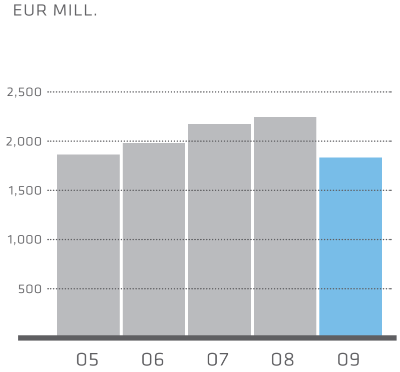
Bilateral aircraft financing loans totalling 94 million euros were raised during 2009. A long-term TyEL pension fund loan amounting to 105 million euros was raised during 2009. To release capital, in August-September Finnair made sale and leaseback agreements for certain properties located in the area of Helsinki-Vantaa Airport, as well as for one Airbus A330 aircraft spare engine. The cash-flow impact of the agreements totalled around 90 million euros.

In September, Finnair issued a 120 million euro hybrid bond, which was oversubscribed. The hybrid bond reduced adjusted gearing by 29.5 percentage points.

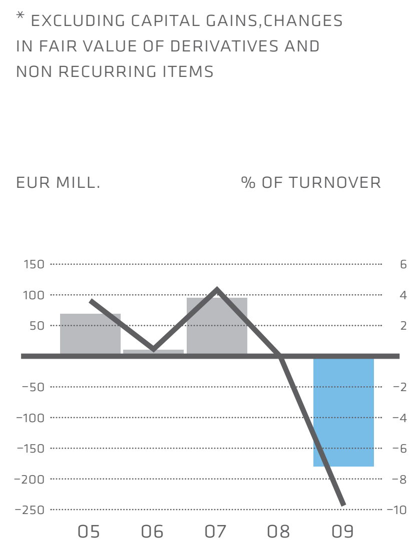
In December Finnair withdrew 178 million euros in credit from the European Investment Bank and made a 55 million euro finance leasing arrangement with the export credit institutions of the Airbus owner states to finance an Airbus A330 aircraft. The intention is also to make corresponding arrangements for two A330 aircraft to be delivered in early 2010.

Finnair still has the option of a loanback of employment pension fund reserves from Ilmarinen Mutual Pension Insurance

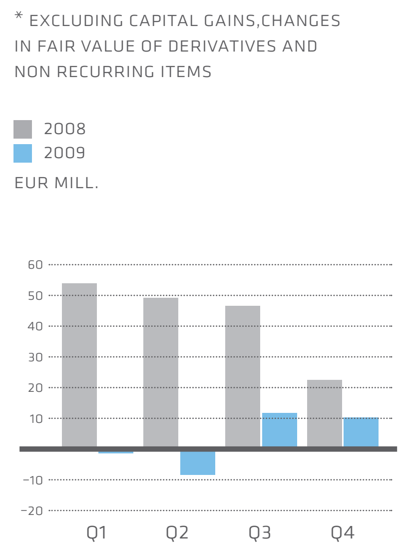
Turnover



*EBIT**



*EBITDAR**



Company amounting to around 330 million euros, the withdrawal of which requires a bank guarantee.

In addition, Finnair has agreed an as yet unused 200 million euro syndicated credit facility, intended as reserve financing. Financial flexibility is also achieved through a 200 million euro short-term commercial paper programme, of which 121 million euros was in use at the closing date.

According to the financial risk management policy approved by Finnair's Board of Directors, the company has hedged 73 per cent of scheduled traffic's jet fuel purchases during the next six months and thereafter for the following 24 months with a decreasing level of hedging. In Finnair's charter traffic, fuel consumption is price hedged in accordance with a traffic programme agreed with tour operators within the framework of the hedging policy. Derivatives linked to jet fuel and gasoil prices are mainly used as fuel price hedging instruments.

The change during the year in the fair value of derivatives that mature in future is recognised in the Finnair income statement. The change in question is a valuation result, in accordance with IFRS reporting practice, which has not been realised. It has no cash flow impact, nor is it included in the operational result. In 2009 the change in the fair value of derivatives improved the result by 55.5 million euros (–57.4), and in the final quarter by 4.2 million euros (–43.8).

The operational result for 2009 includes realised losses of 133.7 million euros on derivatives resulting from fuel price hedging, which appear in the fuel item of the income statement. In the final quarter, the losses totalled 19.1 million euros. The figure includes both foreign exchange and fuel derivatives.

Shareholders' equity includes a fair value fund related to hedge accounting, the value of which is affected by changes in the oil price and foreign exchange rates. The size of the item on the closing date was –25.0 million euros, after deferred taxes, which includes foreign exchange and fuel derivatives as well as, to lesser degree, other financial items.

Thanks to the currency hedging policy, the strengthening of the US dollar in relation to the euro compared to the previous year did not significantly influence Finnair's operational result for last year. At the end of the year, the degree of hedging for a dollar basket over the next 12 months was 66 per cent.

The IFRS accounting practice for frequent-flyer programme bonus points changed from the beginning of 2009. The points liability is now valued at fair value based on the selling price instead of an earlier valuation based on marginal cost. The valuation principle lowers shareholders' equity by more than 20 million euros.

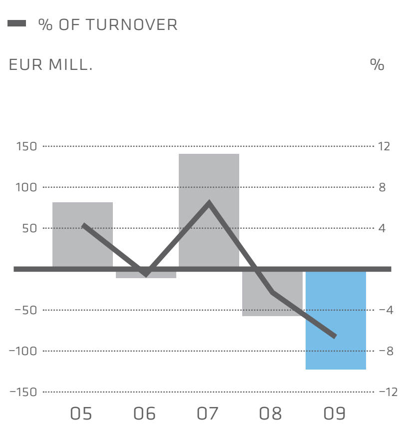
A rise in value of Norwegian Air Shuttle shares in 2009 had a positive impact on Finnair's shareholders' equity of around 12.2 million euros after deferred taxes. Finnair owns just over five per cent of Norwegian Air Shuttle shares.

Organisational Change

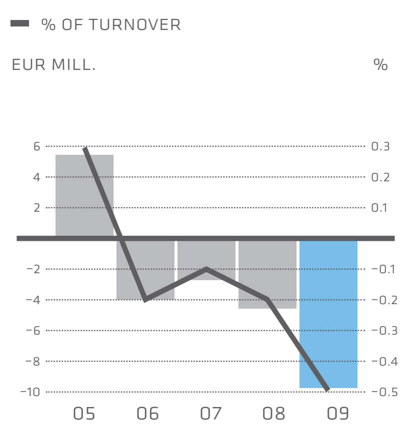
As part of its operational efficiency programme, Finnair changed the structure of its Group organisation as of 1 October 2009. The change centralised the Group's scheduled traffic and leisure flight operations into an integrated Airline Business organisation under the President & CEO and also seeks to achieve closer cooperation between operations and Group Administration.

Finnair's business activities are now divided into five operational entities: Sales & Marketing, Operations, Customer Service, Travel Services and Aviation Services. The support functions are Economics and Finance, Human Resources Management,

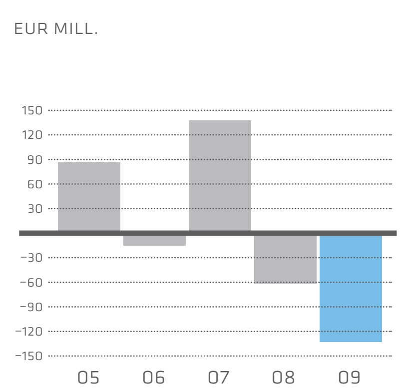
Operating profit, EBIT



Financial income and expenses



Result before taxes



Corporate Communications and Public Affairs, Resource Management, Business Development and Legal Affairs.

In the new structure, Sales & Marketing is led by Mika Perho, Operations by Erno Hilden, Customer Service by Timo Riihimäki and Travel Services by Kaisa Vikkula. The Resource Management Unit is led by Ville Iho.

Aviation Services, comprising Finnair Catering, Finnair Technical Services and the ground handling company Northport Oy, as well as the cargo companies belonging to Airline Business segment, will continue within Deputy CEO Lasse Heinonen's area of responsibility.

Administrative support functions, such as Information Management, Human Resources Management and Financial Management have been centralised in Group Administration. Moreover, Resources Management and Long-Term Operational Planning have been transferred to become part of Group Administration.

Through the change, scheduled and leisure traffic are no longer externally reporting business areas of the Finnair Group. As of 1 October 2009, the primary operational segments according to IFRS reporting are: Airline Business, Aviation Services and Travel Services. Finnair's scheduled and charter traffic, cargo business and the fleet company Finnair Aircraft Finance are included in the Airline Business segment. Aurinkomatkat-Suntours is part of Travel Services. The 2009 result is reported in its entirety according to the new segment division.

Senior Management

President & CEO Jukka Hienonen announced his resignation on 7 August 2009. Hienonen left the company on 31 January 2010. Mika Vehviläinen M.Sc. (Econ.) became Finnair's new President & CEO on 1 February 2010. Vehviläinen joined Finnair on 5 January 2010 from his position as Chief Operating Officer of Nokia Siemens Networks.

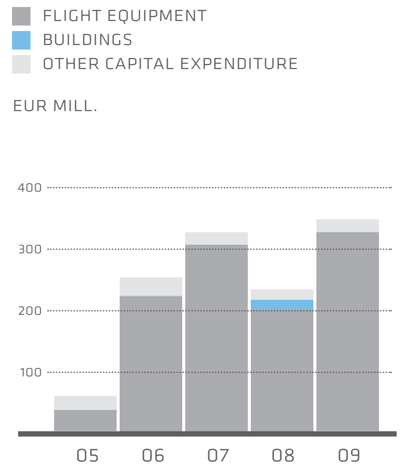
Finnair Plc's Board of Directors extends its warm thanks to Jukka Hienonen, who relinquished the duties of President & CEO at the end of January 2010, for the valuable work he has done for the good of the company in a difficult operating environment and during an upheaval in the sector. Under Hienonen's leadership, many essential reforms were made in Finnair's structures and operating culture, and an extensive investment programme in the long-haul fleet was implemented at a difficult time in the financial markets. As Mika Vehviläinen is taking over, Finnair is a financially solid and high quality airline operating in a challenging environment.

Changes took place in Finnair Plc's Executive Board on 1 October 2009 as a consequence of the structural changes. The Executive Board comprises, in addition to the President & CEO, Deputy CEO and Chief Financial Officer Lasse Heinonen, SVP Public Affairs and Corporate Communications Christer Haglund, SVP Airline Business Erno Hilden, SVP Resources Management Ville Iho, SVP Human Resources Anssi Komulainen, SVP Sales & Marketing Mika Perho, SVP Customer Service Timo Riihimäki and SVP Travel Services Kaisa Vikkula, who is responsible for the Group's tour operators and travel agencies.

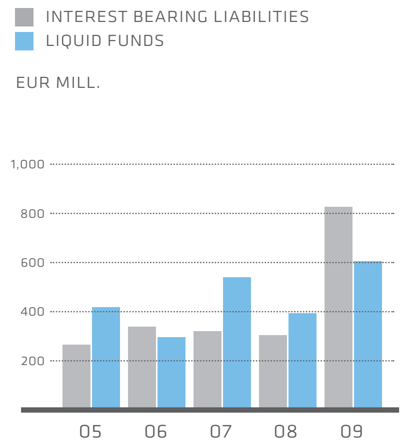
SVP Erno Hilden also serves as the Accountable Manager referred to in the Airline Operator's Certificate (AOC).

The Board of Management includes, in addition to the members of the Executive Board, Northport Oy's Managing Director Jukka Hämäläinen, SVP Catering Kristina Inkiläinen, SVP Cargo Antero Lahtinen and SVP Technical Services Kimmo Soini.

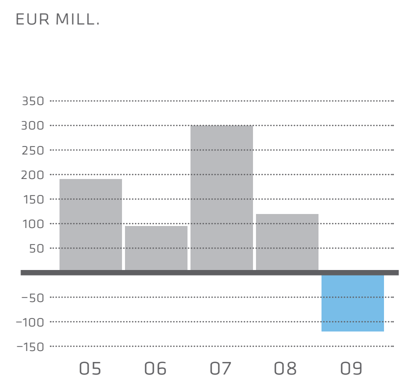
Capital expenditure (gross)



Interest bearing liabilities and liquid funds



Cash flow from operating activities



A Corporate Governance Statement and a review of management salaries and remuneration principles are presented in the Corporate Governance section of the Financial Report.

Personnel

During 2009, the Finnair Group had an average number of 8,797 employees, which was 8.3 per cent fewer than a year earlier. The Airline Business segment had 3,925 employees. The total number of personnel in technical, catering and ground handling services was 3,347 and in travel services 1,289. A total of 236 people were employed in other functions. At the end of 2009, the Finnair Group had 7,945 employees, which was 1,650 fewer than a year earlier.

At the end of the year, Finnair Group had around 738 employees outside of Finland, of which 258 worked in sales and customer service duties for Finnair's passenger and cargo traffic. There are a total of 480 employees working for travel agencies and tour operators based in the Baltic states and Russia, and as guides at Aurinkomatkat-Suntours' holiday destinations. Foreign personnel are included in the total number of Group employees.

Full-time staff accounts for 96 per cent of employees. Around half of part-time staff are employees on partial child-care leave. Some 97 per cent of staff are employed on a permanent basis. The average age of employees was 43 years. More than 25 per cent were over 50 years old and one in ten under 30 years old.

Employees' average number of years in service is 16. One third of Finnair's personnel have been in the service of the Group for more than 20 years. Some 12 per cent have served for more than 30 years.

Of the Finnair Group's personnel, 54 per cent are women and 46 per cent are men. Of the 12 members of the Finnair Group's Board of Management, two are women. Three of the eight members of Finnair Plc's Board of Directors are women.

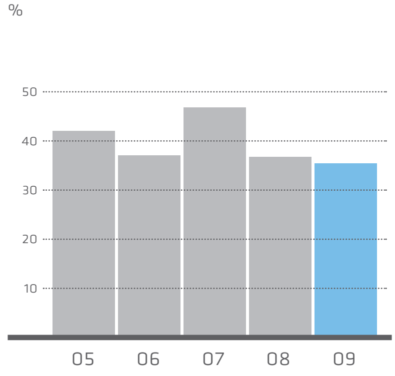
Finnair has collective employment agreements valid with four personnel organisations, namely the Finnish Aviation Employees Association (SLV), the Finnish Flight Attendants' Association (SLSY), the Finnair White-Collar Employees Association (FYT) and the Finnair Engineers' Association (FIRY) until spring 2010, and with the Finnish Airline Pilots' Association (SLL) until 31 December 2011.

Collective employment agreements with the Finnish Aviation Union (IAU) and the Finnair Technical Employees' Association expired on 30 September 2009, because no agreement could be reached on a pay rise adjustment under the agreements. Negotiations are continuing to reach new collective agreements with both organisations.

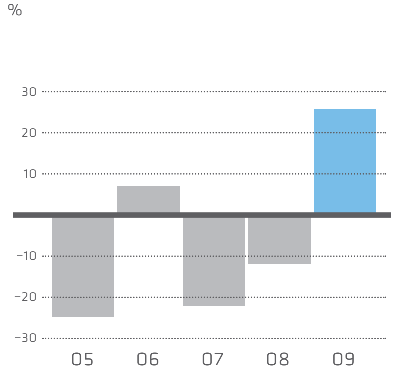
Temporary lay-offs and personnel reductions decided on at the end of 2008 and in 2009 have been implemented. As a consequence of the organisational change implemented on 1 October 2010, around 200 positions have been or will be cut from general staff and support functions.

To date, stabilisation agreements with personnel organisations have been agreed in Finnair Technical Services, the Cabin Service Department and Finnair Catering. The agreements include an additional bonus model which allows for the return of savings made as the operational result improves. In connection with the collective employment agreement negotiations, permanent

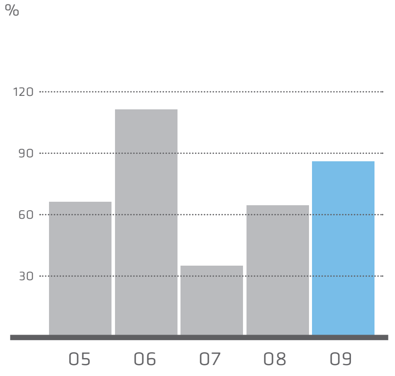
Equity ratio



Gearing



Adjusted gearing



structural savings were agreed with pilots that will, together with other adjustment measures directed at pilots, amount to around 20 million euros.

Through concluded stabilisation agreements and personnel adjustments, around 80 million euros of the total personnel savings target of 120 million euros is expected to be achieved by the end of 2010. The remaining 40 million euros of the target is as yet unidentified.

In the final quarter of the year, two significant episodes of industrial action took place. In mid-November, the pilots were on strike for two days in connection with collective employment agreement negotiations. In late November/early December, the Northport subsidiary's baggage handling and apron staff held a four-day illegal strike when operations and staff were transferred to Finnair's partner Barona Handling. A corresponding arrangement in respect to cargo warehouse operations implemented at the same time with Suomen Transval Oy did not cause disruption.

Including indirect employee costs, just over five million euros of incentive bonuses, based mainly on quality indicators, are expected to be paid to personnel for 2009. The criteria based on the Group result for the personnel profit bonus and the share bonus scheme for key individuals were not fulfilled for 2009, and no incentive payments will be paid.

Fleet Changes

The Finnair Group's fleet is managed by Finnair Aircraft Finance Oy, a wholly-owned subsidiary of Finnair. At the end of the year, the Finnair Group had a total of 68 aircraft in flight operations. The average age of Finnair's entire fleet is around six years. Finnair's fleet is one of the most modern in the world.

In the first quarter of 2009, two new 100-seat Embraer 190 aircraft joined Finnair's fleet. In late 2009 and early 2010 Finnair leased two Embraer 170 aircraft to its feeder traffic partner FinnComm Airlines. Two other Embraer 170 aircraft are on sale.

Five new Airbus A330-300 aircraft joined Finnair's wide-bodied fleet last year. In the first quarter of 2010, when the Boeing MD-11 aircraft have been decommissioned and two new Airbus A330-300 aircraft have been accepted, Finnair will have a total of 12 long-haul aircraft in service.

In 2010 a total of three new Airbus A330 will be acquired, two in the first quarter and one in the final quarter. The last remaining Boeing MD-11 aircraft will be withdrawn from Finnair's fleet at the end of February. Two Airbus wide-bodied aircraft are ordered for 2012–2014, but the final delivery timetable is still to be confirmed.

Two MD-11 aircraft owned by Finnair are currently on sale. The aircraft were sold in 2007 to Aeroflot Cargo on a forward sale agreement, but due to collapse of cargo markets the deal was cancelled by mutually agreed terms.

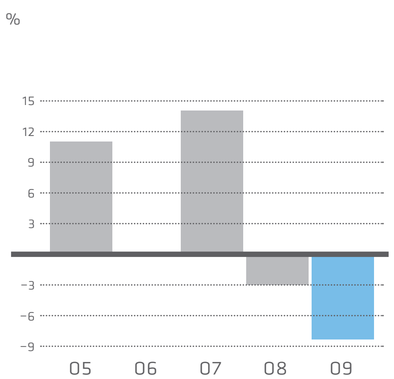
This spring, as part of the harmonisation of its fleet structure, Finnair will withdraw from service three of its leisure traffic Boeing 757-200 aircraft. Finnair will still have four Boeing 757 aircraft.

Environment

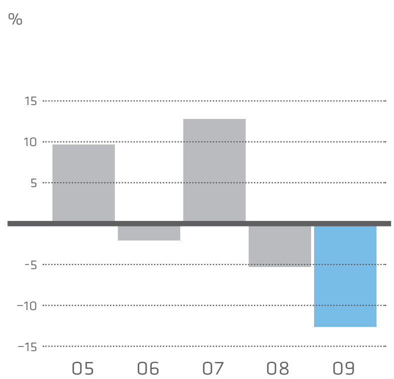
Finnair takes the environment into consideration in all of its actions and decisions.

Finnair has been systematically modernising its fleet since 1999. The long-haul traffic

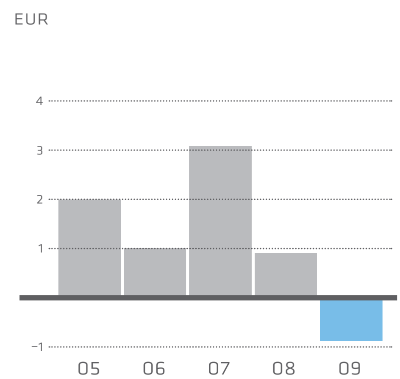
Return on capital employed



Return on equity



Cash flow/share



fleet modernisation was completed and Finnair currently flies with one of the world's most modern fleets. New aircraft are significantly more economic in fuel consumption and produce less emissions and noise compared with the previous generation's technology. In addition, emissions as well as consumption of energy and materials are minimised through operational measures both on the ground and in the air.

Finnair is actively involved in social responsibility work and in discussions with its interest groups. Finnair reports its sustainable development principles and indicators in accordance with the international Global Reporting Initiative (GRI) guidelines and also participates in the Carbon Disclosure Project (CDP).

Last year the EU approved a model for the implementation of emissions trading in air transport starting in 2012. Finnair has co-operated with the authorities and has prepared for the future when the first emission trading obligations will begin. In addition, Finnair will strive in cooperation with various actors to argue successfully for the system to be worldwide and not distort competition in the sector.

Air transport emissions trading will begin in European Union in 2012. Air transport emissions trading will apply to all flights arriving and departing from EU airports. National legislation will come into force on 1 February 2010. Finnair has delivered its monitoring, reporting and verification plan for approval to the Transport Safety and Security Agency, which acts as the supervising authority.

Free emission rights for the period 2012-2020 will be granted based on traffic performance in 2010. The rules for the first period 2012 are clear. Details for the second period (2013-2020) currently remain open which is hindering preparations for emissions trading. Achieving an international sector agreement, instead of regional schemes, would also be desirable.

Business Area Development

The primary segment reporting of the Finnair Group's financial statements is based on business areas. As of 1 October 2009, the reporting business areas have been: Airline Business, Aviation Services and Travel Services.

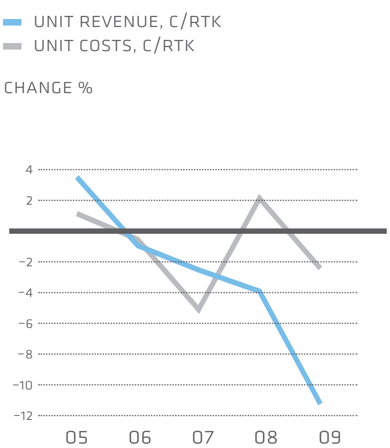
Airline Business

This business area is responsible for scheduled passenger and charter traffic as well as cargo sales, service concepts, flight operations and activity connected with the procurement and financing of aircraft. The Airline Business segment comprises the Sales & Marketing, Operations, Customer Service and Resource Management units as well as the subsidiaries Finnair Cargo Oy, Finnair Cargo Terminal Operations Oy and Finnair Aircraft Finance Oy.

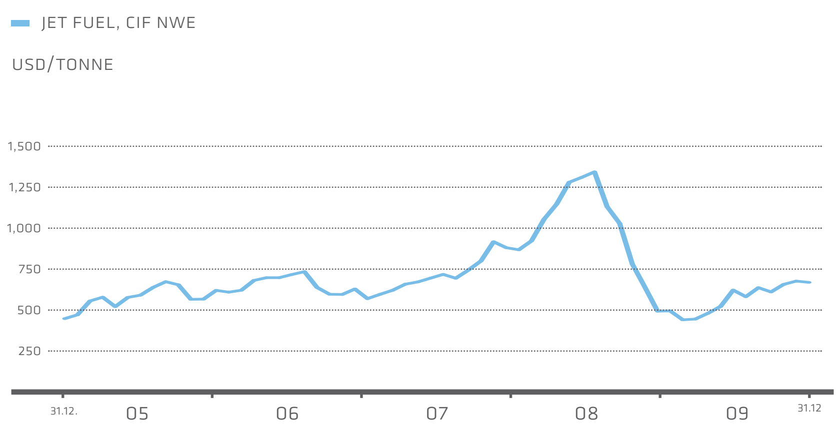
Finnair's training centre operations were incorporated from the beginning of 2010 into a new company Finnair Flight Academy Ltd, which is part of the Airline Business segment. The Finnair Flight Academy's task is to provide Finnair, its biggest customer, with top quality training and competence development services. The majority of the training services on offer will be certification maintenance and aircraft type training for flight personnel. Flight training will also be sold to external customers.

In 2009 the business area's turnover fell by 19.9 per cent to 1,537.9 million euros (1,920.7). The operational result was a loss of 170.5 million euros (19.4 loss). The key

Unit revenue and costs, Airline Business



Jet Fuel market price (Jet Fuel NWE CIF Cargoes) 2005–2009



factors in the significantly reduced turnover are lower demand and a significantly poorer average price. The adjustment of costs to lower volumes has succeeded fairly well. On the other hand, it has not been possible to make the adjustment required by the decline in turnover due to the deterioration of the average price.

Scheduled traffic passengers numbers in 2009 totalled 6.3 million. In scheduled traffic, revenue passenger kilometres fell from the previous year by 8.5 per cent as capacity contracted by 10.3 per cent, which improved the passenger load factor by 1.4 percentage points to 73.4 per cent.

Unit revenues for scheduled passenger traffic fell 14.1 per cent in 2009. In the final quarter, unit revenues fell by 12.7 per cent. The shifting of business travel demand to cheaper price classes contributed to the decline in unit revenues. The change was particularly marked in the Finnish marketplace.

Cargo revenues account for around 10 per cent of all of the Airline Business segment's revenues. In 2009 cargo unit revenue declined by 29.5 per cent. The number of cargo kilos carried in scheduled traffic declined from the previous year by 12.6 per cent and in the final quarter rose by 2.9 per cent. In Asian traffic, the amount of cargo carried declined from the previous year by 12.1 per cent, but grew in the final quarter by 10.3 per cent.

In Finnair Cargo Terminal Operations Oy, which maintains Finnair's cargo terminal activity, a transfer of business in terms of warehouse functions was made. A cooperation agreement was made with Suomen Transval Oy.

In international scheduled passenger traffic, Finnair's market share relative to its main competitors has fallen some percentage points, but is still more than 50 per cent. In domestic traffic, Finnair's market share has fallen, mainly due to the discontinuation of short routes. This has, however, improved the passenger load factor and profitability.

Despite a host of traffic irregularities at the end of the year, the arrival punctuality of scheduled flights improved during 2009 from the previous year to 86.7 per cent (80.8).

In 2009 Finnair's charter flights carried more than 1.1 million passengers, which is around 15 per cent fewer than previous year. In January-December 2009, the volume of available passenger kilometres fell by 7.7 per cent, in October-December by 24.3 per cent. Performance in revenue passenger kilometres fell in January-December from the previous year by 10.5 per cent and in the final quarter by 25.5 per cent. The passenger load factor of charter flights weakened slightly to 85.5 per cent.

In addition to its own Boeing 757 fleet used in charter flight traffic, Finnair leased from Air Europe a 299-seat Airbus 330 wide-bodied aircraft with crew for flights to Phuket, Thailand in the winter season 2008/2009. Corresponding traffic in the current winter season is being flown with Finnair's own aircraft, although at lower capacity.

Finnair enjoys market leadership in leisure travel flights and all of Finland's largest tour operators are its customers. For their package tour production, tour operators buy the flight series they need to holiday destinations for the summer and winter seasons.

Finnair has agreed fixed prices with tour operators for charter flights and provided for the fuel risk with price hedging in accordance with the Group's financial policy.

Aviation Services

This business area comprises aircraft maintenance services, ground handling and the Group's catering operations. In addition, the Group's property holdings, the procurement of office services, and the management and maintenance of properties related to the Group's operational activities also belong to the Aviation Services business area. Aviation Services' business consists mainly of intra-Group service provision. Of the business area's turnover, one fourth consists of business outside of the Group.

In 2009 Aviation Services' turnover fell by 5.5 per cent to 421.3 million euros. The operational profit halved from the previous year and was 7.3 million euros (13.8).

Catering business is the most profitable of the Aviation Services. Operations are divided into meal production and related logistics as well as travel retail functions, which include inflight sales plus advance order services and airport shops in Helsinki, Tampere and Turku.

Finnair Catering's turnover has fallen as passenger numbers have declined. The unit has implemented adjustment measures by which labour has been dimensioned to the level of demand for meals. A stabilisation agreement was also reached with white-collar workers in Finnair Catering.

Finnair Technical Services' operational result was loss-making last year, due mainly to a decline in hourly-based invoicing for the Group's own traffic. External turnover grew by around 10 per cent from the previous year.

For Finnair Technical Services' long-term functional capacity and profitability, it is important that the unit also has customers from outside the Group. The stabilisation agreement reached in Finnair Technical Services in August will increase the unit's cost competitiveness, which enabled a 20 million euro three-year maintenance agreement to be concluded with the leisure flight airline Condor.

Finnair Technical Services was divided at the beginning of financial year 2010 into two subsidiaries, Finnair Technical Services Oy and Finnair Engine Services Oy. This conversion into separate companies will create structural flexibility from cooperation arrangements in the future.

The ground handling company Northport Oy is still loss-making. To achieve operational flexibility, a partnership arrangement was agreed for baggage handling as well as loading and apron activities by which functions and personnel were transferred to Barona Handling Oy from the beginning of December.

Travel Services (tour operators and travel agencies)

The business area consists of the Group's tour operators, i.e. Aurinkomatkat-Suntours and its Estonian subsidiary Horizon Travel, the subsidiary Calypso, operating in St. Petersburg, and the Matkayhtymä Oy/takeOFF brand, operating in Finland, as well as the travel agencies Matkatoimisto Area, Finland Travel Bureau (FTB) and its subsidiary Estravel, operating in the Baltic states. In addition, the business area includes Amadeus Finland Oy, which integrates travel agency systems and sells travel reservation systems.

In 2009, the business area's turnover fell 10.2 per cent to 346.5 million euros (385.9). As a result of the recession, business travel contracted in Finland by 30–35 per cent from previous year, which was reflected in turn in travel agencies' sales and results. Consumers' uncertainty about the future of their own finances was apparent in their delaying travel decisions until closer to the date of travel. Demand for leisure travel clearly began to weaken at the end of the year. Travel declined very strongly in the Baltic states and in Russia. The operational result fell to a loss of 4.3 million euros (12.3 profit).

In 2009 some 961,000 (989,000) package tours where made from Finland using flights abroad. Included in the sector's overall total for the first time are the dynamic flight-hotel packages, which customers assemble themselves at the travel agency's internet service.

The number of package tours produced by traditional tour operators fell by around 7 per cent. Aurinkomatkat-Suntours is Finland's leading tour operator, with a market share of 36 per cent. As demand weakened from the previous year's peak figures, the company cut its summer production by 10 per cent.

Sales of winter 2009/10 packages began cautiously, as travel decisions were made closer to the date of travel. Sales of winter packages will also fall significantly short of the cyclical peak level of winter 2008/2009. Capacity has been cut correspondingly. Aurinkomatkat renewed its reservation system, which had been use for more than 30 years. Introduction of the new production system went well.

In 2009 Aurinkomatkat's passenger numbers declined in Finland from previous year by 5.2 per cent to 327,000. The load factor and result clearly weakened from the 2008 record level. Profitability was weakened by sales of last minute holidays at a discount as well as by packages unsold due to strikes.

In Estonia the package tour market collapsed by around 40 per cent. Horizon Travel succeeded, however, in difficult circumstances to adjust its operations to correspond with the demand situation.

Establishing Aurinkomatkat in Russia continued in a difficult market climate. Aurinkomatkat produced 13.000 package tours abroad for customers flying from St. Petersburg. Demand for summer packages fell strongly, but due to flights shared with other tour operators, production could not be correspondingly adjusted. The company did not receive any flights to its main winter destination.

Target load factors were achieved, but discounts and weak selling prices increased the operational loss. Aurinkomatkat strives to stand out from its competitors through quality. The company's customer satisfaction is high in Russia, but the problem is low production volume resulting from the poor economic conditions. Sales of Calypso's VIP packages also suffered from the economic downturn.

Finland Travel Bureau (FTB) and Area are Finland's leading travel agencies, and Estravel is one of the leading travel agencies in the Baltic states. The collapse in business travel pushed the result to a loss, even though temporary lay-offs of several weeks were implemented in travel agencies and 160 permanent job cuts were made. The headcount is now 18 percent less than in the previous year. Business travel is expected to remain permanently on a lower level. Lower travel volumes will pressurise margins. The companies were highly rated in a customer satisfaction survey of business travellers in the Nordic countries.

Travel sales are shifting strongly to the internet. In 2009 the Area.fi website became Finland's leading location for the purchase of independent travel packages, and 85 per cent of leisure trips sold by Area are sold via Area.fi. In business travel, the focus was on developing productisation and electronic services. An exceptional situation throughout the world means that travellers will increasingly value a reliable travel management partner and a 24-hour service.

Travel Services' Amadeus Finland, a provider of travel reservation and information systems to travel agencies, brought to the market many new services relating to companies' and travel agencies' travel management. A hotel booking service was added to the Amadeus reservation system. A decline in flight travel by Finns of around 10 per cent had an adverse impact on the company's turnover and result.

Air Traffic Services and Products

In the summer season, Finnair has a total of 55 and in the winter season a total of 57 direct flights per week to nine Asian destinations. Finnair's Asian destinations are Bangkok, Delhi, Hong Kong, Nagoya, Osaka, Beijing, Shanghai, Seoul and Tokyo.

Flights covering 33 European and 11 domestic destinations connect into Finnair's Asian network. At the same time, a wide selection of direct connections is offered from Finland to the rest of Europe. In long-haul traffic, Delhi was served by a daily flight schedule from mid-September to the end of January, after which the number of weekly flights has been six. In June-September, Finnair flew to Tokyo daily instead of its normal four flights per week schedule, and to New York ten times per week.

The Finnair Plus frequent-flyer programme has been reformed to enable more versatile use of points. Last year more than 100 new partners in 30 countries and different service product areas joined the points programme. Through the reform, Finnair Plus members gained the opportunity to combine points and money when redeeming awards. Finnair has opened a web shop to facilitate access to benefits.

In connection with the reform, the points limits of the frequent-flyer programme tiers will change. Customers will now move onto a higher tier with a smaller number of points than before. On the other hand, points will expire more quickly. Points will be valid for three years instead of five. Flexibility will also be increased by offering the possibility to transfer points among family members.

In July Finnair launched a user-friendly service by which companies can produce for themselves an environmental report on their overall travel. The environmental report tool has been added to Finnair's brand experience website http://feel.finnair.com. On the site, one can easily compare the environmental impact of flight routes when flying via different transit airports.

In August Finnair centralised its traffic and customer service in Helsinki-Vantaa's Terminal 2, where **one**world and Finnair's other cooperation partner airlines are also located. The division into domestic and international terminals also ended.

In winter season 2009–2010 Finnair is using for leisure flights long-haul traffic Airbus A330-300 aircraft in addition to Boeing 757 aircraft. The 271-seat wide-bodied aircraft flies non-stop leisure flights from Helsinki to Phuket in Thailand 3–4 days a week from November to April. Last winter, an Airbus A330-200 aircraft leased from outside the Group was used for the corresponding leisure flight series, six days per week.

In addition to leisure traffic, the Airbus A330-300 aircraft is also used on Finnair's scheduled flights to New York, Delhi, Nagoya and Osaka, as a result of which the aircraft has a 42-seat business class section. On leisure flights, business class is renamed Comfort class, which offers, in addition to lie-flat seats, a more comprehensive service than economy class.

In December Finnair opened the Via Spa and the modern Via Lounge at Helsinki-Vantaa Airport, in a terminal extension that opened at the same time. The lounge and spa offer unique wellness and comfort services, particularly for Finnair's transit passengers travelling between Europe and Asia.

The business class of Finnair's latest Airbus A330, which arrived before Christmas, has a new type of full-flat seat that reclines to horizontal as well as a new configuration that allows more seats to be offered while at the same time providing more privacy. At the end of 2009, a pick-up was perceptible in Europe-Asia traffic, so the new aircraft and their higher service level have fulfilled a need.

The cabin of the new Airbuses that arrived from April 2009 onwards has a new, brighter look, and technically high-level solutions also significantly enhance passenger comfort in economy class. Every passenger has an individual display screen with diverse entertainment options, and it is also possible to send text messages and work with a laptop during flights. Scenario lighting simulates the movement of the sun according to a daily cycle, helping passengers adjust to new time zones while on the aircraft.

Short-term Risks and Uncertainty Factors

Globally, the airline industry is one of the sectors most sensitive to cyclical changes in economic conditions. The development of GDP, investment and international trade strongly affect the development of air transport passenger and cargo demand.

A weakening of domestic consumer confidence also has an adverse impact on demand for non-business travel in both leisure and scheduled traffic services. In Finland, business travel might also recover more slowly than in other markets. The financial difficulties of customers will increase the bad debt risk in the future. Due to the short booking horizon in passenger and cargo traffic, it is difficult to forecast demand far into the future.

A change of one percentage point in the passenger load factor affects the Group's operating result by nearly 15 million euros. A change of one per cent in the average yield of passenger traffic services also affects the Group's operational result by around 15 million euros.

A risk in the acquisition of new aircraft is that weak demand will not enable the aircraft to be operated fully and profitably in 2010.

Fuel costs constitute around one fifth of the Group's costs and are one of the most significant uncertainty factors where costs are concerned. Foreign exchange rate changes also represent a risk. Finnair provides hedging against fuel price and foreign exchange rate volatility by entering into option and future contracts. The rising costs of hedging arrangements also pose a risk.

A 10 per cent change in the world market price of fuel affects Finnair's operational result by around 18 million euros after hedging. A 10 per cent change in the euro-dollar exchange rate effects Finnair's operational result by around 17 million euros after hedging.

The hedging policy practised by Finnair dampens fuel price fluctuations. Finnair's relative competitive position in terms of costs is also influenced by competitors' fuel price hedging policies. The company's main competitors adhere to the same principles as Finnair in their hedging policies.

Outlook

There are weak signs in the sector that the decline in travel demand is coming to an end, but due to overcapacity, increasing prices will prove difficult. Business travel is recovering, above all outside Finland.

Air cargo demand is beginning to pick up modestly. Particularly in the Asian market, cargo demand has strengthened, which will also improve prospects for Finnair's cargo operations.

The implementation of the Europe-Asia strategy will be purposefully continued, but taking into consideration market-specific fluctuations of demand.

Adjustment measures to lower unit costs will continue in all units. The goal is to reduce unit costs to correspond with falling average yields. The Finnair Group's objective, according to a programme announced earlier, is to implement efficiency measures totalling around 200 million euros. Just over a quarter of the efficiency and result improvement targets are as yet unidentified. Personnel cost savings include personnel reductions and temporary lay-offs as well as partnership arrangements for certain operations to achieve flexibility.

To boost sales, the Finnair Plus frequent-flyer programme has been developed by improving service and diversifying the product range. The programme facilitates more targeted and effective marketing.

Demand for package tours in the current winter season and the coming summer season is expected to be lower than last year. To avoid a weakening of price level due to oversupply, Aurinkomatkat-Suntours has adjusted its capacity. Charter flight capacity will fall when three of the seven Boeing 757 aircraft are withdrawn from Finnair's fleet when leasing agreements expire this coming summer.

Finnair's fuel costs are expected to be lower during the current year than last year due to the improved fuel economy of the aircraft. At the present price level and hedging policy, fuel costs this year are expected to be around one fifth of Finnair's turnover.

Finnair's passenger traffic capacity is expected to be around 10 per cent below the previous year in the first quarter of 2010. Finnair's scheduled traffic suffers from low unit revenue, but the passenger load factors of aircraft are expected to remain at a satisfactory level. This will lead to a further fall in turnover in the first quarter.

The first quarter of 2010 is expected to remain difficult and to be clearly loss-making. Due to the efficiency measures being implemented, the Finnair Group's profitability is expected to improve gradually towards the end of the year.

Shares and Shareholders

Shares and Share Capital

On 31 December 2009 the company's registered share capital was 75,442,904.30 euros and number of shares issued was 128,136,115. Each share has one vote at the Annual General Meeting.

Share Quotations

Finnair Plc shares are quoted on the NASDAQ OMX Helsinki Stock Exchange.

Dividend Policy

The aim of Finnair's dividend policy is to pay on average at least one-third of the earnings per share as dividend during an economic cycle, taking into account the company's earnings trend and outlook, financing position and capital needs for any given period.

Incentive Schemes for Key Personnel

On 22 March 2007, Finnair Plc's Board of Directors approved a share bonus scheme 2007–2009 directed at key individuals of the Group. Details of the scheme are presented in Note 26 of this annual report. The scheme does not affect the total number of shares. The amount of share bonuses is determined on the basis of the Finnair Group's financial development.

Board of Directors' Authorisations

On 27 March 2008 the Annual General Meeting granted the Board of Directors new authorisations to purchase the company's own shares up to a maximum of 5,000,000 shares and dispose of the company's own shares up to a maximum of 5,500,000 shares. The authorisation to purchase was valid until AGM 2009 and the authorisation to dispose the shares is valid at the end of March 2011. The authorisation applies to shares amounting to less than five per cent of the company's share capital. Under the authorisation, in 2009 Finnair has not purchased nor disposed any shares.

At the end of 2009, Finnair held 387,429 of its own shares, namely 0.30 per cent of the total number of shares outstanding on the last day of the year.

The Board of Directors has no other authorisations, such as authorisations for share issues or for the issuing of convertible bonds or share options.

Share-related key figures		2009	2008	2007
Earnings/share	EUR	-0.81	-0.36	1.04
Equity/share	EUR	6.67	5.87	7.70
Dividend/share	EUR	0.00	0.00	0.25
Dividend-to-earnings ratio	%	0.0	0.0	31.5
P/E ratio		-4.61	-13.46	7.79
P/CEPS		-4.0	5.2	2.6
Effective dividend yield	%	0.0	0.0	3.1

Number of shares and share prices		2009	2008	2007
Average number of shares adjusted for share issue	pcs	128,136,115	127,969,796	98,032,358
Average number of shares adjusted for share issue (with diluted effect)	pcs	128,136,115	127,969,796	98,032,358
The number of shares adjusted for share issue at the end of financial year	pcs	128,136,115	127,969,796	98,032,358
The number of shares adjusted for share issue at the end of financial year (with diluted effect)	pcs	128,136,115	127,969,796	98,032,358
Number of shares, end of the financial year	pcs	128,136,115	128,136,115	128,136,115
Trading price highest	EUR	5.24	8.49	14.35
Trading price lowest	EUR	3.52	3.50	7.51
Market value of share capital Dec 31	EUR mill.	481	627	1,037
No. of shares traded	pcs	13,846,917	64,783,468	37,672,530
No. of shares traded as % of average no. of shares	%	10.80	50.55	29.40

Finnair Plc largest shareholders as at 31 December, 2009

		Number of shares	%	Changes 2009
1	State of Finland; Office of Counsil of State	71,515,426	55.8	0
2	Skagen Global Verdipapirfonds (I-II-III-Vekst)	7,161,748	5.6	198,605
3	Local Government Pensions Institution	5,597,681	4.4	3,991,106
4	Suomi Mutual Life Insurance Company	3,534,701	2.8	-62,523
5	Ilmarinen Mutual Pension Insurance Company	3,025,564	2.4	-700,000
6	Odin Norden	2,783,972	2.2	-6,446
7	Mandatum Life Insurance Company	2,400,000	1.9	0
8	Tapiola Insurance Company Group	2,276,444	1.8	0
9	State Pension Fund	2,100,000	1.6	0
10	OP Funds	1,595,724	1.2	211,990
11	Nordea Funds	1,432,322	1.1	300,703
12	Kaleva Mutual Insurance Company	608,246	0.5	39,708
13	Varma Mutual Pension Insurance Company	600,000	0.5	0
14	Etera	400,000	0.3	-201,747
15	Finnair Plc (own shares)	387,429	0.3	0
16	City of Turku, Claim Fund	341,407	0.3	45,500
17	City of Turku	319,134	0.2	-68,300
18	Gyllenberg Funds	302,904	0.2	-54,500
19	Finnair Plc Staff Fund	280,411	0.2	49,429
20	EQ Funds	250,000	0.2	150,000
21	Norvestia Plc	234,387	0.2	7,000
22	SR Sampo Bank Funds	223,714	0.2	-223,714
23	Pohjola Insurance Company Plc	216,668	0.2	0
24	Ingman Finance Oy Ab	200,000	0.2	80,000
25	Finnair Pension Fund	136,842	0.1	0
26	Kotimaa Saving Bank Fund	121,700	0.1	0
27	Aro Olavi Sakari	110,000	0.1	0
28	Neste Oil Pension Fund	105,826	0.1	0
29	Fennia Mutual Pension Insurance Company	105,000	0.1	5,000
30	Kamprad Ingvar	100,000	0.1	0
	Nominee registered	11,002,150	8.6	-3,997,513
	Others	8,666,715	6.8	
	Total	128,136,115	100.0	

Shareholders by type at 31 December 2009	Number of shares	Shares, %	Number of shareholders	Shareholders, %
Public bodies	86,704,247	68	22	0
Registered in the name of nominee	11,002,150	9	7	0
Financial institutions	10,291,972	8	30	0
Outside Finland	10,133,342	8	53	1
Households	7,390,597	6	10,438	95
Private companies	2,037,585	1	437	4
Associations	556,283	0	50	0
Not converted into the book entry system	19,939	0	0	0
Total	**128,136,115**	**100**	**11,037**	**100**

Breakdown of shares at 31 December 2009

Number of shares	Number of shares	Shares, %	Number of shareholders	Shareholders, %
1–200	500,307	0	5,581	51
201–1,000	1,926,868	1	3,762	34
1,001–10,000	4,171,174	3	1,540	14
10,001–100,000	2,456,960	2	111	1
100,001–1,000,000	7,364,246	6	25	0
1,000,001–	100,694,471	79	11	0
Registered in the name of nominee	11,002,150	9	7	0
Not converted into the book entry system	19,939	0	-	-
Total	**128,136,115**	**100**	**11,037**	**100**

Acquisition and delivery of own shares

Period	Number of shares	Acquisition value, EUR	Average price, EUR
2004	422,800	2,275,666.49	5.38
2005	-37,800	-209,838.54	5.55
2005	150,000	1,516,680.00	10.11
2006	-383,097	-2,056,847.88	5.37
2007	0	0.00	0
2008	235,526	1,538,956.35	6.53
2009	0	0.00	0
31 Dec 2009	**387,429**	**3,064,616.42**	**7.91**

Government Ownership

At the end of the financial year, on 31 December 2009, the Finnish Government owned 55.8% of the company's shares and votes. On 20 June 1994, the Finnish Parliament, while giving its consent to reduce the Government's holding to less than two-thirds, decided that the Government must own more than half of Finnair Plc's shares.

Share Ownership by Management

On 31 December 2009, members of the company's Board of Directors and the President & CEO owned 78,480 shares, representing 0.06% of all shares and votes.

Share Prices and Trading

On the last day of the financial year, the Finnair Plc share was quoted at 3.75 euros on the NASDAQ OMX Helsinki Stock Exchange. The market value of the company's shares was 480.5 million euros (626.6). The highest trading price during the financial year was 5.24 euros (8.49), the lowest 3.52 euros (3.50) and the average price 4.15 euros (6.10). A total of 13.8 million shares (64.8), with a total value of 57.5 million euros (395.2) were traded on the NASDAQ OMX Helsinki Stock Exchange during 2009.

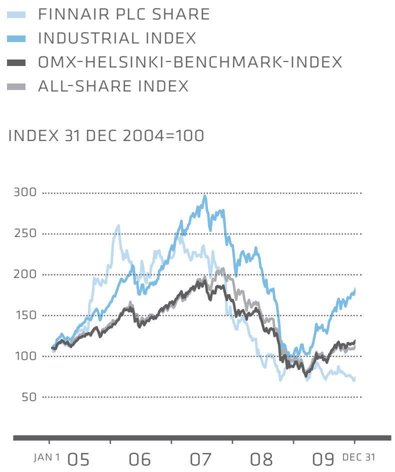
Board of Directors' Proposal on the Dividend

The distributable equity of Finnair Plc amounts to 393.0 million euros. The Board of Directors proposes to the Annual General Meeting that no dividend be distributed for 2009.

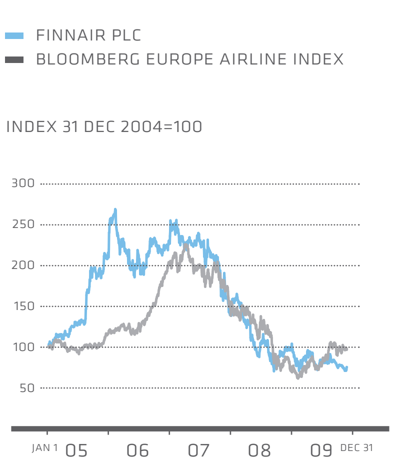
FINNAIR PLC
Board of Directors

Finnair share trade development and trade 2005–2009

Finnair Plc Share Index and NASDAQ OMX Helsinki indices



Share price development compared with other European airlines



Financial Indicators 2007–2009

		2009	2008	2007
Turnover	EUR mill.	1,838	2,256	2,181
- change	%	-18.5	3.5	9.6
Operational result, EBIT	EUR mill.	-180	1	97
- in relation to turnover	%	-9.8	0.0	4.4
Operating profit/loss, EBIT	EUR mill.	-124	-58	142
- in relation to turnover	%	-6.7	-2.6	6.5
Profit before taxes	EUR mill.	-134	-62	139
- in relation to turnover	%	-7.3	-2.8	6.4
Consolidated balance sheet				
Non-current assets	EUR mill.	1,586	1,405	1,245
Short-term receivables	EUR mill.	842	659	864
Non-current assets held for sale	EUR mill.	19	19	35
Assets total	EUR mill.	2,447	2,084	2,144
Shareholders equity and minority interests	EUR mill.	854	750	987
Liabilities, total	EUR mill.	1,593	1,333	1,157
Shareholders' equity and liabilities, total	EUR mill.	2,447	2,084	2,144
Gross capital expenditure	EUR mill.	348	233	326
Gross capital expenditure in relation to turnover	%	18.9	10.3	15.0
Return on equity (ROE)	%	-12.7	-5.3	12.9
Return on capital employed (ROCE)	%	-8.4	-3.0	14.2
Average capital employed	EUR mill.	1,367	1,179	1,122
Dividend for the financial year[1)]	EUR mill.	0	0	32
Earnings/share	EUR	-0.81	-0.36	1.04
Earnings/share adjusted for option rights (with diluted effect)	EUR	-0.81	-0.36	1.04
Result / share (number of shares at the end of financial year)	EUR	-0.81	-0.36	0.79
Equity/share	EUR	6.67	5.87	7.70
Dividend/share[1)]	EUR	0.00	0.00	0.25
Dividend/earnings	%	0.0	0.0	31.5
Effective dividend yield	%	0.0	0.0	3.1
P / CEPS		-4.0	5.2	2.6
Cash flow/share	EUR	-0.9	0.9	3.1
P/E ratio		-4.61	-13.46	7.79
Equity ratio	%	35.5	36.9	47.1
Net debt-to-equity (Gearing)	%	25.9	-12.0	-22.5
Adjusted Gearing	%	86.9	65.1	35.1
Interest bearing debt	EUR mill.	829	302	318
Liquid funds	EUR mill.	607	392	540
Net interest bearing debt	EUR mill.	221	-90	-222
- in relation to turnover	%	12.0	-4.0	-10.2
Net financing income (+) / expenses (-)	EUR mill.	-10	-5	-3
in relation to turnover	%	-0.5	-0.2	-0.1
Net interest expenses	EUR mill.	-6	2	-5
- in relation to turnover	%	-0.3	0.1	-0.2
Operational cash flow	EUR mill.	-121	120	302
Operational cash flow in relation to turnover	%	-6.6	5.3	13.8
Average number of shares adjusted for the share issue	number of	128,136,115	127,969,796	98,032,358
Average number of shares at the end of the financial year (with diluted effect)	number of	128,136,115	127,969,796	98,032,358
Number of shares adjusted for the share issue at the end of the financial year	number of	128,136,115	127,969,796	98,032,358
Number of shares at the end of the financial year (with diluted effect)	number of	128,136,115	127,969,796	98,032,358
Number of shares at the end of the financial year	number of	128,136,115	128,136,115	128,136,115
Personnel on average		8,797	9,595	9,480

The number of personnel are averages and adjusted for part-time employees.
[1)] The dividend of year 2009 is a proposal of the Board of Directors to the Annual General Meeting.

Calculation of Key Indicators

EBITDAR = Operating profit + depreciation + aircraft lease rentals

Operating profit from operations = Operating profit excluding capital gains, fair value changes of derivatives and non recurring items

$$\text{Return on equity in per cent (ROE)} = \frac{\text{Result}}{\text{Equity + minority interests (average of beginning and end of financial year)}} \times 100$$

Capital employed = Balance sheet total – non interest bearing liabilities

$$\text{Return on capital employed in per cent (ROCE)} = \frac{\text{Result before taxes + interest and other financial expenses}}{\text{Capital employed (average of beginning and end of financial year)}} \times 100$$

$$\text{Earnings per share, (euro)} = \frac{\text{Result for financial year}}{\text{Adjusted average number of shares during the financial year}}$$

$$\text{Equity per share, (euro)} = \frac{\text{Equity}}{\text{Number of shares at the end of the financial year, adjusted for the share issue}}$$

$$\text{Dividend per earnings in per cent} = \frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$$

$$\text{Effective dividend yield in per cent} = \frac{\text{Dividend per share}}{\text{Adjusted share price at the end of the financial year}} \times 100$$

$$\text{P/CEPS} = \frac{\text{Share price at the end of the financial year}}{\text{Cash flow from operations per share}}$$

$$\text{Cash flow per share, (euro)} = \frac{\text{Cash flow from operations}}{\text{Adjusted average number of shares during the financial year}}$$

$$\text{Price per earnings, P/E} = \frac{\text{Share price at the end of the financial year}}{\text{Earnings per share}}$$

$$\text{Equity ratio, \%} = \frac{\text{Equity + minority interests}}{\text{Balance sheet total – advances received}} \times 100$$

$$\text{Gearing, \%} = \frac{\text{Interest bearing liabilities – liquid funds}}{\text{Equity + minority interests}} \times 100$$

$$\text{Adjusted gearing, \%} = \frac{\text{Interest bearing debt +7 x annual aircraft leasing payments – liquid funds}}{\text{Equity + minority interests}} \times 100$$

IFRS Financial Statements 1 January–31 December 2009

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Consolidated Income Statement

EUR mill.	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008	Note
Turnover	**1,837.7**	**2,255.8**	3
Work used for own purposes and capitalized	4.7	1.6	6
Other operating income	47.8	27.1	7
Materials and services	-921.5	-1,044.5	8
Employee benefit expense	-487.9	-541.0	9
Depreciation and imparment	-132.8	-110.2	10
Other operating expenses	-472.0	-646.7	11
Operating profit/loss	**-124.0**	**-57.9**	
Financial income	8.9	22.1	12
Financial expenses	-18.7	-26.7	13
Share of result in associates	0.1	0.3	18
Profit/loss before taxes	**-133.7**	**-62.2**	
Income taxes	31.8	16.1	14
Profit/loss for financial year	**-101.9**	**-46.1**	
Earnings to shareholders of the parent company	-102.0	-46.3	
Minority interest	0.1	0.2	
Earnings per share calculated from profit attributable to shareholders of the parent company			
Earnings per share (diluted and undiluted)	-0.81	-0.36	15

The notes 1–38 form an essential part of the financial statements.

Consolidated Statement of Comprehensive Income

EUR mill.	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Profit for the period	**-101.9**	**-46.1**
Other comprehensive income items		
Translation differences	0.5	0.1
Change in available-for-sale financial assets after taxes	12.0	-13.7
Taxes	-4.2	4.8
Change in fair value of hedging instruments after taxes	73.3	-123.6
Taxes	-25.7	43.4
Other comprehensive income items, total	**85.8**	**-137.2**
Comprehensive income for the financial period	**-16.1**	**-183.3**
Earnings to shareholders of the parent company of the comprehensive income statement	-16.2	-183.5
Earnings to minority of the parent company of the comprehensive income statement	0.1	0.2

The notes 1–38 form an essential part of the financial statements.

Consolidated Balance Sheet

EUR mill.	31 Dec 2009	31 Dec 2008	Note
ASSETS			
Non-current assets			
Intangible assets	46.1	48.1	16
Tangible assets	1,469.0	1,272.1	17
Investments in associates companies	8.3	6.1	18
Receivables	20.5	21.5	19
Deferred tax receivables	42.0	57.7	20
	1,585.9	**1,405.5**	
Short-term receivables			
Inventories	36.8	35.1	21
Trade receivables and other receivables	197.5	231.8	22
Other financial assets	598.2	373.8	23
Cash and cash equivalents	9.2	18.3	24
	841.7	**659.0**	
Non-current assets held for sale	19.4	19.4	5
Assets total	**2,447.0**	**2,083.9**	
SHAREHOLDERS´ EQUITY AND LIABILITIES			
Equity attributable to shareholders of parent company			
Shareholders´equity	75.4	75.4	
Other equity	777.2	674.0	
	852.6	**749.4**	
Minority interest	**0.9**	**1.1**	
Equity, total	**853.5**	**750.5**	25
Long-term liabilities			
Deferred tax liability	99.1	120.6	20
Interest bearing liabilities	637.4	261.1	29
Pension obligations	0.0	6.1	27
	736.5	**387.8**	
Short-term liabilities			
Current income tax liabilities	0.0	1.5	14
Reserves	73.0	61.5	28
Interest bearing liabilities	201.8	48.5	29
Trade payables and other liabilities	582.2	834.1	30
	857.0	945.6	
Liabilities total	**1,593.5**	**1,333.4**	
Shareholders' equity and liabilities, total	**2,447.0**	**2,083.9**	

The notes 1–38 form an essential part of the financial statements.

Consolidated Cash Flow Statement

EUR mill.	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Cash flow from operating activity		
Profit/-loss for the financial year	-101.9	-46.1
Operations for which a payment is not included [1)]	74.7	174.6
Interest and other financial expenses	18.7	26.7
Interest income	-8.6	-18.9
Other financial income [2)]	-0.2	-3.2
Dividend income	-0.1	0.0
Taxes	-31.8	-16.1
Changes in working capital:		
Change in trade and other receivables	32.7	-2.7
Change in inventories	-1.7	1.0
Change in accounts payables and other liabilities	-94.6	-11.8
Interest paid	-12.7	-13.1
Other financial expenses paid	-2.3	-1.3
Received interest icome	7.0	15.4
Received financial income	0.2	3.2
Taxes paid	0.0	12.5
Net cash flow from operating activities	**-120.6**	**120.2**
Cash flow from investing activity		
Acquisitions of subsidiaries	0.0	-3.2
Investments in intangible assets	-9.4	-12.7
Investments in tangible assets	-316.1	-215.3
Net change of financial interest bearing assets at fair value through profit or loss [3)]	-279.1	183.1
Net change of shares classified as available for sale	-16.7	0.0
Sales of tangible fixed assets	61.9	69.0
Received dividends	0.1	0.0
Change in non-current receivables	-1.6	-7.8
Net cash flow from investing activities	**-560.9**	**13.1**
Cash flow from financing activities		
Loan withdrawals	611.1	4.9
Loan repayments	-129.5	-50.0
Hybrid bond	119.4	0.0
Purchase of own shares	0.0	-4.7
Dividends paid	0.0	-31.9
Net cash flow from financing activity	**601.0**	**-81.7**
Change in cash flows	**-80.5**	**51.6**
Change in liquid funds		
Liquid funds, at the beginning	343.4	291.8
Change in cash flows	-80.5	51.6
Liquid funds, in the end [4)]	**262.9**	**343.4**

The cash flow statement analyses changes in the Group's cash and cash equivalents during the financial year. The cash flow statement has been divided according to the IAS 7 standard into operating, investing and financing cash flows.

Notes to consolidated cash flow statement:		
[1] Operations for which a payment is not included:		
EUR mill.	2009	2008
Depreciation	132.8	110.2
Employee benefits	-11.0	-10.3
Fair value changes of derivatives	-55.5	57.4
Other adjustments	8.4	17.3
Total	**74.7**	**174.6**

[2] Fair value changes of shares recognised at Financial assets at fair value through profit or loss are eliminated from cash flow from operating activities. Shares recognised at Financial assets at fair value through profit or loss are itemised in notes 23 and 32.

[3] Net change of financial interest bearing assets at fair value through profit or loss maturing after more than 3 months including changes in fair value.

[4] Financial assets include cash and bank equivalents and investments, which have been told in the separate accounts of the balance sheet. The balancing of the cash flow financial assets below:

EUR mill.	2009	2008
Balance sheet item (short-term)		
Other financial assets	598.2	373.8
Cash and bank equivalents	9.2	18.3
Short-term cash and cash equivalents in balance sheet	607.4	392.1
Maturing after more than 3 months	-318.7	-39.6
Shares available for sale	-25.8	-9.1
Total	**262.9**	**343.4**

Cash and cash equivalents encompass cash and bank deposits as well as other highly liquid financial assets whose term to maturity is a maximum of three months. Such items are e.g. certificates of deposits and commercial papers. Balance sheet items are itemised in notes 21 and 22.

The notes 1–38 form an essential part of the financial statements.

Consolidated Statement of Changes in Equity

Equity attributable to shareholders of parent company											
EUR mill.	Share capital	Share premium account	Bonus issue	Fair value reserve	Unre-stricted equity	Transla-tion difference	Retained earnings	Total	Minority interests	Hybrid bond	Total
Shareholders' equity 1.1.2008	**75.4**	**20.4**	**147.7**	**26.8**	**244.9**	**-0.1**	**452.1**	**967.2**	**1.7**	**0.0**	**968.9**
Dividend payment							-31.9	-31.9	-0.5		-32.4
Change of minority								0.0	-0.3		-0.3
Purchase of own shares							-4.7	-4.7			-4.7
Disposal of own shares/ Share-based payment expense					2.3			2.3			2.3
Shareholders' equity related to owners 31.12.2008	75.4	20.4	147.7	26.8	247.2	-0.1	415.5	932.9	0.9	0.0	933.8
Statement of comprehensive income											
Cash flow hedges											0.0
Fair value change of hedging instruments				-215.4				-215.4			-215.4
Fair value change of hedging instruments, net of tax (note 20)				56.1				56.1			56.1
Recognised in income statement (note 25)				51.7				51.7			51.7
Net of tax from Recognised in income statement (note 20)				-13.4				-13.4			-13.4
Recognised in balance sheet				-3.4				-3.4			-3.4
Net of tax from Recognised in balance sheet (note 20)				0.9				0.9			0.9
Change of fair value in available-for-sale financial assets				-18.5				-18.5			-18.5
Net of tax of change of fair value in available-for-sale financial assets				4.8				4.8			4.8
Translation difference						0.0		0.0			0.0
Profit for the period							-46.3	-46.3	0.2		-46.1
Comprehensive income for the financial period	0.0	0.0	0.0	-137.3	0.0	0.1	-46.3	-183.5	0.2	0.0	-183.3
Shareholders equity 31.12.2008	**75.4**	**20.4**	**147.7**	**-110.5**	**247.2**	**0.0**	**369.2**	**749.4**	**1.1**	**0.0**	**750.5**

The notes 1–38 form an essential part of the financial statements.

Equity attributable to shareholders of parent company											
EUR mill.	Share capital	Share premium account	Bonus issue	Fair value reserve	Unrestricted equity	Translation difference	Retained earnings	Total	Minority interests	Hybrid bond	Total
Shareholders' equity 1.1.2009	**75.4**	**20.4**	**147.7**	**-110.5**	**247.2**	**0.0**	**369.2**	**749.4**	**1.1**	**0.0**	**750.5**
Dividend payment							0.0	0.0	-0.3		-0.3
Change of minority								0.0	0.0		0.0
Purchase of own shares							0.0	0.0			0.0
Disposal of own shares/ Share-based payment expense					0.0			0.0			0.0
Shareholders' equity related to owners 31.12.2009	75.4	20.4	147.7	-110.5	247.2	0.0	369.2	749.4	0.8	0.0	750.2
Hybrid bond								0.0		119.4	119.4
Statement of comprehensive income											
Cash flow hedges											0.0
Fair value change of hedging instruments				173.0				173.0			173.0
Fair value change of hedging instruments, net of tax (note 20)				-45.0				-45.0			-45.0
Recognised in income statement (note 25)				-74.0				-74.0			-74.0
Net of tax from Recognised in income statement (note 20)				19.2				19.2			19.2
Recognised in balance sheet				0.2				0.2			0.2
Net of tax from Recognised in balance sheet (note 20)				-0.1				-0.1			-0.1
Change of fair value in available-for-sale financial assets				16.2				16.2			16.2
Net of tax of change of fair value in available-for-sale financial assets				-4.2				-4.2			-4.2
Translation difference						0.5		0.5			0.5
Profit for the period							-102.0	-102.0	0.1		-101.9
Comprehensive income for the financial period	0.0	0.0	0.0	85.3	0.0	0.5	-102.0	-16.2	0.1	0.0	-16.1
Shareholders equity 31.12.2009	**75.4**	**20.4**	**147.7**	**-25.2**	**247.2**	**0.5**	**267.2**	**733.2**	**0.9**	**119.4**	**853.5**

Equity attributable to shareholders of parent company											
EUR mill.	Share capital	Share premium account	Bonus issue	Fair value reserve	Unrestricted equity	Translation difference	Retained earnings	Total	Minority interests	Hybrid bond	Total
Shareholders' equity 1.1.2008	**75.4**	**20.4**	**147.7**	**26.8**	**244.9**	**-0.1**	**470.2**	**985.3**	**1.7**	**0.0**	**987.0**
Change of accounting principle (IFRIC 13)							-18.1	-18.1	0.0	0.0	-18.1
Adjusted equity 1.1.2008	**75.4**	**20.4**	**147.7**	**26.8**	**244.9**	**-0.1**	**452.1**	**967.2**	**1.7**	**0.0**	**968.9**

The notes 1–38 form an essential part of the financial statements.

Notes to the Financial Statements

1. BASIC INFORMATION ABOUT THE COMPANY

The Finnair Group engages in worldwide air transport operations and supporting services. The Group's operations are divided into the Scheduled Passenger Traffic, Leisure Traffic, Aviation Services and Travel Services business areas. The Group's parent company is Finnair Plc, which is domiciled in Helsinki at the registered address Tietotie 11 A, Vantaa. The parent company is listed on the Helsinki Stock Exchanges. The Board of Directors of Finnair Plc has approved these financial statements for publication at its meeting on 4 February 2010. Under Finland's Companies Act, shareholders have the option to accept or reject the financial statements in a meeting of shareholders, which will be held after the publication of the financial statements.

2. ACCOUNTING PRINCIPLES

The accounting principles of the consolidated financial statements are presented below. The accounting principles have been followed in the periods presented in the consolidated financial statements unless otherwise stated.

Basis of preparation

Finnair Plc's consolidated financial statements for 2009 have been prepared according to the International Financial Reporting Standards (IFRS) and in their preparation the IAS and IFRS standards as well as the SIC and IFRIC interpretations in effect on 31 December 2009 have been followed. By International Financial Reporting Standards is meant the standards accepted for application in the EU and interpretations issued about them in accordance with the procedure laid down in Finnish law and provisions issued by virtue thereof in the EU Regulation (EC) No.1606/2002. The notes to the consolidated financial statements also comply with Finnish accounting and corporate law.

The 2009 consolidated financial statements have been prepared based on original acquisition costs, except for financial assets recognisable through profit and loss at fair value, financial assets which are available-for-sale, and derivative contracts, which have been valued at fair value. Financial statement data is presented in millions of euros, rounded to the nearest one hundred thousand euros.

The preparation of financial statements in accordance with IFRS standards requires Group management to make certain estimates and to exercise discretion in applying the accounting principles. Information about the discretion exercised by management in applying the accounting principles followed by the Group and that which has most impact on the figures presented in the financial statements has been presented in the item "ACCOUNTING PRINCIPLES THAT REQUIRE MANAGEMENT DISCRETION AND MAIN UNCERTAINTY FACTORS RELATING TO ESTIMATES".

Principles of consolidation

SUBSIDIARIES

Finnair Plc's consolidated financial statements include the parent company Finnair Plc and all its subsidiaries. As subsidiaries are deemed to be those companies in which the parent company directly or indirectly owns more than 50% of the votes or in which it otherwise exercises the right to determine the company's financial and business policies in order to benefit from its activities.

The book value of shares in undertakings included in consolidation has been eliminated using the acquisition cost method. Subsidiaries that have been acquired are consolidated from the date on which the Group has acquired control, and subsidiaries that have been disposed of are no longer consolidated from the date that control ceases. All of the Group's internal transactions, receivables, liabilities and unrealised gains as well as internal distribution of profit are eliminated in the consolidated financial statements. Unrealised losses are not eliminated in the event that a loss results from impairment. The financial statements of subsidiaries have been amended to correspond with the accounting principles in use within the Group.

ASSOCIATED UNDERTAKINGS

Associated undertakings are undertakings in which the Group generally has 20-50% of the votes or in which the Group has significant influence but in which it does not exercise control.

Holdings in associated undertakings have been included in the consolidated financial statements by the equity method. The Group's share of earnings after the time of acquisition is recognised in the income statement. If the Group's share of the loss of an associated undertaking exceeds the book value of the investment, the investment is entered in the balance sheet at zero value unless the Group has incurred obligations on behalf of the associated undertaking. Unrealised gains between the Group and associated undertakings have been eliminated to the extent of the Group's holding. The Group's share of an associated undertaking includes goodwill arising from its acquisition. Associated undertakings' financial statements have been converted to correspond with the accounting principles in use in the Group.

MINORITY INTEREST AND TRANSACTIONS WITH MINORITY

Minority interest is presented in the balance sheet separately from liabilities and the parent company's shareholders' equity as its own item as part of shareholders' equity. In the income statement is presented the distribution of profit for the financial year to the parent company's shareholders and minority interest. Minority interest of accrued losses are recognised in the consolidated financial statements up to a maximum of the amount of the investment.

The Group applies the same accounting principles to transactions made with minorities as with shareholders. In acquisitions of minority interests, the difference between acquisition cost and the acquired equity is recognised directly in shareholders' equity.

Translation of foreign currency items

Items included in each subsidiary's financial statements are valued in the foreign currency that is the main currency of operating environment of each subsidiary ("operational currency"). The consolidated financial statements have been presented in euros, which is the parent company's operational and presentation currency.

Monetary items denominated in foreign currency have been translated into the operating currency using the mid-market exchange rates on the closing date. Advance payments made and received are entered at the exchange rate of the operating currency on the date of payment. Non-monetary items have been translated into the operating currency using the exchange rate on the date of the transaction. Translation differences on operations are included in the income statement's operating profit, and translation differences on foreign currency loans are included in financial items.

The income statements of foreign subsidiaries have been translated into euros using the exchange rates on date of occasion. Balance sheets of foreign subsidiaries have been translated into euros using the exchange rates on the closing date. Translation differences of shareholders' equity items arising from eliminations of the acquisition cost of foreign subsidiaries are recognised in shareholders' equity. When a foreign subsidiary is sold, these translation differences are recognised in the income statement as part of the overall profit or loss arising from the sale. Translation differences that have arisen since the IFRS transition date are presented as a separate item in shareholder's equipment when preparing the consolidated financial statements.

Goodwill arising from foreign acquisitions is treated as a foreign exchange asset of the foreign unit and is translated into euros using the exchange rate on the closing date.

Derivative contracts and hedge accounting

According to its financial policy, the Finnair Group uses foreign exchange, interest rate and commodity derivatives to reduce the exchange rate, interest rate and commodity risks which arise from its balance sheet items, foreign exchange purchase contracts, anticipated purchases and sales as well as future jet fuel purchases.

The derivatives are recognised at the time they are made in the balance sheet at original acquisition cost and are subsequently valued at fair value in each financial statement and interim report. Gains and losses arising from changes in the fair value are presented in the financial statements according to the original classification of the derivative. Gains and losses on derivatives qualifying for hedge accounting are recognised in accordance with the underlying asset being hedged. Derivative contracts are designated at inception as hedges for future cash flows and binding purchase contracts (cash flow hedges or fair value hedges) or as derivatives not meeting the hedge accounting criteria or to which hedge accounting is not applied (economic hedges). Hedging of the fair value of the net investment of foreign units or embedded derivatives have not been used.

At the inception of hedge accounting, the Finnair Group documents the relationship between the hedged item and the hedging instrument as well as the Group's risk management objectives and the strategy for the inception of hedging. The Group documents and assesses, at the inception of hedging and at least in connection with each financial statements, the effectiveness of hedge relationships by examining the capacity of the hedging instrument to offset changes in the fair value of the hedged item or changes in cash flows. The values of derivatives in a hedging relationship are presented in the balance sheet item short–term financial asset and liabilities.

The Finnair Group implements in accordance with IAS 39 hedge accounting principles the hedging of future cash flows (cash flow hedging) in terms of the price and foreign currency risk of jet fuels as well as foreign currency hedging of lease payments and aircraft purchases.

Fair value hedging is implemented in Finnair in respect of firm orders for new Airbus aircrafts. These binding purchase agreements are treated under IAS 39 as firm commitments whose fair value changes of hedged part arising from foreign currency movements is recognised in the balance sheet as an asset item and any corresponding gains or losses recognised through profit and loss. Similarly the fair value of instruments hedging these purchases are presented in the balance sheet as a liability or receivable and the change in fair value is recognised through profit and loss.

The change in the fair value of effective portion of derivative instruments that fulfil the terms of cash flow hedging are entered directly in a fair value reserve in equity to the extent that the requirements for the application of hedge accounting have been fulfilled. The gains and losses recognised in equity are transferred to the income statement in the period in which the hedged item is entered in the income statement. When an instrument acquired for the hedging of cash flow matures or is sold or when the criteria for hedge accounting are no longer fulfilled, the gain or loss accrued from hedging instruments remain in equity until the forecast transaction takes place. However, if the forecast hedged transaction is not longer expected to occur, the gain or loss accrued in equity is released immediately to the income statement.

The effectiveness of hedging is tested on a quarterly basis. The effective portion of hedging is recognised in the fair value reserve of shareholders' equity, from which it is transferred to income statement when the hedged item is realised or, in terms of investments, as an acquisition cost adjustment.

To hedge the interest rate and foreign exchange risks of foreign currency loans the Finnair Group uses foreign exchange and interest-rate swap contracts. The translation difference arising from foreign exchange and interest–rate swap contracts that fulfil the conditions of hedge accounting is recognised concurrently against the translation difference arising from the loan, while other changes in fair value are recognised in terms of the effective portion in the fair value reserve of shareholders' equity. Interest income and expenses are recognised in financial income and expenses.

The Finnair Group concludes jet fuel swaps (forward contracts) and options in order to even out future price fluctuations in jet fuel purchases. Changes in the fair value of jet fuel hedging derivatives are recognised directly in the fair value reserve in respect of derivatives defined as cash-flow hedges that fulfil the requirements of IAS 39 hedge accounting. Accrued gains and losses on derivatives recognised in shareholders' equity are recognised in the income statement as income or expenses for the financial period in which the hedged item is recognised in the income statement. If a forecasted cash flow is no longer expected to occur, the accrued gains and losses reported in the shareholder's equity are presented directly as other income and expenses for the financial period. Changes in the fair value of derivative contracts, in so far as the IAS 39 hedge accounting criteria are not fulfilled, are presented in other operating income and expenses during their term to maturity.

The change in the fair value of derivatives not qualifying for hedge accounting and which are arranged to hedge operational cash flow are recognised in the income statement item other operating expenses. Changes in the fair value of interest rate derivatives not qualifying for hedge accounting are recognised in the income statement's financial income and expenses.

Principle of revenue recognition

Revenue from services is recognised as revenue in the financial period in which the services are provided for the customer. Revenue from the sale of goods is recognised when significant risks and rewards of owning the goods are transferred to the buyer. In such cases the Group has no longer any supervision of control over the products.

Airline Business sales are recognised as revenue when the flight is flown in accordance with the flight traffic programme. The recognition as revenue of unused flight tickets is based on the expiry dates of the tickets.

Finnair Plus 'Customer Loyalty Programmes' transactions will recognize according to the IFRIC 13. The interpretation clarifies that where goods or services are sold together with a customer loyalty incentive, the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values.

Aviation Services' sales are recognised as revenue when the service is completely performed. Travel Services' sales are recognised as revenue when the service has been conveyed. Discounts granted and indirect taxes, among other things, are deducted from sales as adjustment items.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Dividend income

Dividend income is recognised when the company has acquired a legal right to receive the dividends.

Operating profit

The IAS 1 Presentation of Financial Statements standard does not define the concept 'operating profit'. The Group has defined it as follows: operating profit is the net sum that is formed from turnover plus other operating income, less purchase costs adjusted by change in inventories of work in progress as well as costs arising from production for own use, less costs, depreciation and possible impairment losses arising from employee benefits as well as other operating expenses. All income statement items other than those mentioned above are presented below the operating profit. Translation differences and changes in fair values of derivatives are included in operating profit if they arise from items related to business operations; otherwise they are recognised in financial items.

Income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

A deferred tax liability or asset is calculated for all temporary differences between accounting and taxation using the tax rates prescribed at the closing date.

The largest temporary differences arise from sales of tangible assets, depreciation, revaluations of derivative contracts, defined-benefit pension schemes, unused tax losses, and valuations at fair value made in connection with acquisitions. Deferred tax is not recognised for subsidiaries' undistributed earnings where it is probable that the difference will not reverse in the foreseeable future.

A deferred tax asset is recognised to the extent that it will probably be available to taxable profit of future financial years, against which the deductible temporary difference can be utilised.

The Group's main business takes place in Finland. Taxes based on taxable income for the financial year have been calculated with a tax rate of 26 per cent. Taxes based on the taxable income of foreign subsidiaries for the financial year have been calculated at tax rates of 0 – 26 per cent.

Public grants

Public grants, for example government aid for simulator training, has been recognised in other operating income. Public grants that the Group may receive, for example, for fixed asset acquisitions are recognised as a reduction in original acquisition cost. Grants are recognised in the form of smaller depreciations over the useful life of the asset. The Group has not received during the financial year or the comparison period any public grants for fixed asset acquisitions.

Tangible fixed assets

Tangible fixed assets are recognised in the balance sheet when the financial benefit is longer than one year, in acquisition cost, including the direct costs arising from the acquisition. Tangible fixed assets are valued at original acquisition cost less accumulated depreciation and write-downs.

Aircraft and their engines as well as flight simulators are depreciated on a straight-line basis over their expected useful lives. The acquisition cost of aircraft is allocated to the aircraft fuselage, engines and heavy maintenance and these are depreciated as separate assets. Residual value depreciations or straight-line basis over their expected useful lives are made for buildings and residual value depreciations for other fixed assets. Land areas are not depreciated.

Other equipment includes office equipment, furnishings, cars and transportation vehicles used at airports.

Depreciation is calculated using the following principles, depending on the type of asset:

- Buildings, 50 years from time of acquisition to a residual value of 10% or 3-7 % of expenditure residue
- Aircraft and their engines: on a straight-line basis as follows:
  - Airbus A320 family aircraft, over 20 years to a residual value of 10%
  - Embraer fleet aircraft, over 20 years to a residual value of 10%
  - New A330 family aircraft, over 18 years to a residual value of 10%
  - New A340 family aircraft, over 15 years to a residual value of 10%
  - Used jet aircraft more than six years old, over 10 years to a residual value of 10%
  - New turboprop aircraft, over 12 years to a residual value of 10%
  - Turboprop aircraft acquired as used, over 10 years to a residual value of 10%
  - Aircraft to be withdrawn from use, fully on a straight-line basis according to their useful life outlined in the fleet modernisation plan
- Heavy maintenance of aircraft, on a straight-line basis during the maintenance period
- Embraer components, over 20 years to a residual value of 10%
- Airbus components, over 15 years to a residual value of 10%
- Flight simulators are depreciated as per the corresponding type of aircraft
- Depreciation of other tangible fixed assets, 23% of the undepreciated residual value

The residual values and estimated useful lives of assets are adjusted at each closing date and if they differ significantly from previous estimates, the depreciation periods and residual values are changed accordingly.

Ordinary repair and maintenance expenditure is recognised as an expense in the financial period in which it arises. Expenditure of modernisation and improvement projects that are significant in size (mainly aircraft modifications) are capitalised in the balance sheet if it is probable that an additional financial reward will arise to the Group in future. Modernisation and improvement projects are depreciated on a straight-line basis over their expected useful lives. The carrying amount of the replaced part is derecognised.

Depreciation of a tangible fixed asset is discontinued when the tangible fixed asset is classified as being held for sale in accordance with IFRS 5 standard Non–Current Assets Held for Sale and Discontinued Operations.

Gains arising from the disposal and withdrawal from use of tangible fixed assets are included in the income statement in the item other operating income, and losses in the item other operating expenses.

Intangible assets

Intangible fixed assets are recognised in the balance sheet, when the financial benefit is longer than one year, at acquisition cost, including the direct costs arising from the acquisition. Depreciation and impairment of intangible assets are based on the following expected economic lifetimes:

Goodwill	impairment testing
Computer programs	3–8 years
Other intangible assets, depending on their nature	3–10 years

GOODWILL

Goodwill corresponds to the portion of acquisition costs that exceeds the Group's share of the fair value of the net assets at the time of acquisition of the subsidiary, associated undertaking or joint venture.

Goodwill is tested annually for possible impairment. For this purpose goodwill has been allocated to cash generating units. Annual impairment testing is performed on the basis of discounted cash flows. This method is based on expected cash flows that have been updated by revenue growth rate and the cost of capital. If the present value of the expected future operational cash flow of some business operation is lower than the corresponding balance sheet value that includes goodwill, the impairment is recognised as an expense in the income statement.

RESEARCH AND DEVELOPMENT EXPENDITURE

Research and development on aircraft, systems and operations is conducted primarily by the manufacturers. Research and product development expenditure relating to marketing and customer service is recognised as an expense at the time at which it is incurred because the capitalization criterion will not fill. Expenses are included in the consolidated income statement in a cost item according to the nature of the expense.

Development expenditure is recognised in the balance sheet as an intangible asset when it is probable that the development project will succeed both commercially and technically and the project expenses can be reliably assessed. The Group has no capitalisable development expenditure.

COMPUTER SOFTWARE

Computer software maintenance costs and expenditure on the research stage of software projects are recognised as expenses at the time they are incurred. Software projects' minor development costs, moreover, are not capitalised; they are recognised as an expense.

User rights and licences acquired for IT software are presented in the category intangible rights and in other respects in other intangible assets. Acquired user rights and licences are entered in the balance sheet at acquisition cost, plus the costs of making the licence and software ready for use. Capitalised expenses are depreciated over a useful life of 3 - 8 years.

OTHER INTANGIBLE ASSETS

Other intangible assets, such as e.g. patents, trademarks and licences, are valued at acquisition cost less recognised depreciation and impairment. Intangible assets are depreciated on a straight-line basis over 3-10 years.

NON-CURRENT ASSETS HELD FOR SALE AND DISPOSAL GROUPS

Non-current assets or asset groups and their related liabilities (disposal groups) that have a high probability of being sold within a year of classification are classified as assets held for sale.

Immediately before classification, assets held for sale or assets and liabilities of disposal groups are valued according to the IFRS standards applicable to them. From the moment of classification, assets held for sale (or disposal groups) are valued at the lower of the carrying amount or their fair value less cost of sale. Depreciation of these assets is discontinued at the moment of classification.

Lease agreements

THE GROUP IS THE LESSEE

Tangible fixed asset lease agreements where a substantial part of the risks and rewards of ownership are transferred to the Group are classified as finance leases. The asset item acquired with a finance lease is entered at the start of the agreement as an asset in the balance sheet at the lower of the fair value of the leased property and the present value of the minimum lease payments. A corresponding sum is recognised as a financial asset. The lease payments payable are allocated between finance expenses and debt reduction. The corresponding rental obligations, net of finance charges, are included in other long-term interest-bearing liabilities. Financing interest is recognised in the income statement during the lease so as to achieve a constant interest rate on the finance balance outstanding in each financial period. Asset items leased under a finance lease are depreciated over the shorter of the asset's useful life and the term of the lease.

Tangible fixed asset-related lease agreements where a substantial part of the risks and rewards of ownership are retained by the lessor are classified as other leases. Payments made under other leases are charged to the income statement over the term of the lease.

The operating lease liabilities under other leases of Finnair Group aircraft have been treated as rental expenses in the income statement. Lease payments due in future years under agreements are presented in the notes to the financial statements.

Impairment

On every closing date the Group reviews asset items for any indication of impairment losses. If there are such indications, the amount recoverable from the said asset item is assessed. The recoverable amount is also assessed for the following asset items irrespective of whether there are indications of impairment: goodwill and intangible assets which have an indefinite useful life. The need for impairment is examined on the cash generating unit level.

The recoverable amount is the higher of the asset item's fair value, less the cost arising from disposal, and its value in use. By value in use is meant the expected future net cash flows obtainable from the said asset item or cash generating unit, discounted to their present value. The value of the recoverable amount of financial assets is either the fair value or the present value of expected future cash flows discounted at the original effective interest rate. An impairment loss is recognised when the carrying amount of an asset item is greater than the recoverable amount. The impairment loss is recognised in the income statement. The impairment loss is reversed if a change in conditions has occurred and the recoverable amount of the asset has changed since the date when the impairment loss was recognised. The impairment loss is not reversed, however, by more than that which the carrying amount of the asset would be without the recognition of the impairment loss. Impairment losses recognised for goodwill are not cancelled under any circumstances, neither are impairment losses on equity investments classified as available for sale financial assets cancelled through profit and loss. From receivables included according to IAS 39 in the allocated acquisition price, interest income is recovered after impairment using the interest rate that has been used as the discount rate when calculating the impairment.

Inventories

Inventories are asset items that are intended for sale in the normal course of business, are handled in the production process for sale or are raw materials or supplies intended for consumption in the production process.

Inventories are valued at the lower of their acquisition cost and probable net realisable value. Acquisition cost is determined using the average cost method. The acquisition cost of inventories includes all acquisition-related costs, production costs and other costs that have arisen from the transfer of the inventory item to the location and space where the item is situated at the time of inspection. The production costs of inventories also include a systematically allocated proportion of variable and fixed production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the costs required to complete the product and selling expenses.

Trade receivables

In trade receivables are recognised assets received on an accrual basis for the products and services of the company's operations. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

When the Group has objective evidence that uncertainty is attached to the collection of trade receivables, then they are valued at their lower probable fair value. Public financial problems that indicate that a customer is going into bankruptcy, significant financial restructuring or substantial delays in payments are examples of objective evidence that might cause trade receivables to be valued at probable fair value. Impairment of trade receivables is recognised in other operating expenses.

Trade receivables denominated in foreign currency are valued at the exchange rate on the closing date.

Expences of liabilities

Expenses of liabilities are mainly recognized in income statement at the period when they are occurred.

The amendment of IAS 23 (Revised) standard requires that the borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalized as part of the cost of the asset. These costs will not recognize as an expense immediately. The standard changes the Group's accounting policy and after 1 January 2009 the Group capitalises borrowing costs directly attributable to a qualifying asset. Such Borrowing Costs are expected to be most in the Airline Business segment.

LOANS

Initially loans are valued at their fair value. Loans that are due for payment within 12 months are presented in short-term liabilities. Foreign currency loans are valued at the mid-market exchange rate on the closing date and translation differences are recognised in financial items.

The Group's fixed-interest USD-denominated aircraft financing loans have been hedged with long-term cross currency interest rate swaps. Fixed-interest derivative contracts and their corresponding loans form a hedging relationship. The derivative contracts in question are valued at fair value. Change of fair value is recognised in the shareholder's equity fair value reserve. Correspondingly, loans in the hedging relationship are valued at the allocated acquisition cost.

Other USD-denominated loans and their corresponding variable interest derivative contracts are valued at fair value, and the change in fair value is recognised in the income statement's financial items. Euro-denominated loans and bonds are valued at allocated acquisition cost.

Financial assets and financial liabilities

In the Group, financial assets have been classified according to the IAS 39 standard "Financial Instruments: Recognition and Valuation" into the following categories: financial assets at fair value through profit or loss (assets held for trading), held-to-maturity investments, loans and other receivables, as well as available-for-sale financial assets. The classification is made on the basis of the purpose of the acquisition of the financial assets in connection with the original acquisition. All purchases and sales of financial assets are recognised on the trade date.

The financial asset category recognised at fair value through profit or loss includes assets held for trading purposes and assets measured at fair value through profit or loss on initial recognition. Financial assets at fair value through profit and loss have mainly been acquired to obtain a gain from short-term changes in market prices. All those derivatives that do not fulfil the conditions for the application of hedge accounting are classified as Financial assets at fair value through profit and loss and are valued in each financial statement at fair value. Realised and unrealised gains and losses arising from changes in fair value are recognised in the income statement (either in other operating income and expenses or in financial items) in the period in which they arise. Financial assets at fair value through profit and loss as well as those maturing within 12 months are included in current assets.

Held-to-maturity investments are financial assets not belonging to derivative contracts which mature on a specified date and which a company has the firm intent and ability to hold to maturity. They are valued at allocated acquisition cost and they are included in long-term assets. On the closing date the Group had no assets belonging to the said group.

Investments which do not have a maturity date and whose date of sales has not been decided are classified as available-for-sale financial assets. Available-for-sale financial assets are presented in the balance sheet in non-current financial assets. A change in the fair value of available-for-sale financial assets is recognised in the shareholders' equity fair value reserve, from which it is transferred to the income statement in connection with a sale.

Finnair Group assesses on each closing date whether there is any objective evidence that the value of a financial asset item or group of items has been impaired. If there is objective evidence that an impairment loss has arisen for loans and other receivables entered at allocated acquisition cost in the balance sheet or for held-to-maturity investments, the size of the loss is determined as the difference the book value of the asset item and the present value of expected future cash flows of the said financial asset item discounted at the original effective interest rate. The loss is recognised through profit and loss.

Financial liabilities are recognised at fair value on the basis of the original consideration received. Transactions costs have been included in the original carrying amount of the financial liabilities. Later, all financial liabilities are valued at allocated acquisition cost using the effective yield method or at fair value through profit or loss. Financial liabilities are included in long- and short-term liabilities and they can be interest-bearing or non-interest-bearing.

Unquoted shares are valued in the Finnair Group at their acquisition price in the absence of a reliable fair value.

Loan receivables and other receivables are recognised at amortised cost using the effective interest method. Loans and other receivables include trade receivables, deferred charges, other long term receivables and security deposits for aircraft operational lease agreements.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities takes place when Group has filled the contractual obligations.

Derecognition of financial assets takes place when the Group has lost a contractual right to receive the cash flows or when it has transferred substantially the risks and rewards outside the Group.

Fair values of financial liabilities are based to discounted cash flows. Interest rate arises from risk free portion and company risk premium. Fair value of Finance lease contracts is evaluated by discounting cash flows with interest, which complies with interest from other similar lease contracts. Other than derivative receivables are in balance sheet at their original value, because discounting them is irrelevant considering short maturity. Accounts payable and other loans are recognised at their original value, because discounting them is irrelevant considering short maturity.

Cash and cash equivalents

Cash and cash equivalents consist of cash reserves and short-term bank deposits whose term to maturity is a maximum of three months. Foreign exchange-denominated items have been converted into euros using the mid-market exchange rates on the closing date.

Derivative instruments

Derivative instruments are valued in the balance sheet at fair value, which is determined as the value at which the instrument could be exchanged between knowledgeable, willing and independent parties, with no compulsion in the sales situation to sell or buy. The fair values of derivatives are determined as follows:

The fair values of all derivatives are calculated using the exchange rates, interest rates, volatilities and commodity price quotations on the closing date. The fair values of currency forward contracts are calculated at the present value of future cash flows. The fair values of currency options are calculated using generally accepted option valuation models. The fair values of interest rate swap contracts are calculated at the present value of future cash flows. The fair values of interest rate and currency swap contracts are calculated at the present value of future cash flows. The fair values of interest rate options are calculated using generally accepted option valuation models. The fair values of commodity contracts are calculated at the present value of future cash flows. The fair values of options are calculated using generally accepted option valuation models.

Shareholders' equity

The nominal value of shares has been recognised in the share capital before an amendment to the Articles of Association registered on 22 March 2007.

Share issue gains that arose in 1997-2006 have been recognised in the share premium account, less transaction expenses, reduced by tax effect, relating to increases in share capital. Additionally, costs of the company's share-based payments are recognised in the share premium account as per the IFRS 2 standard. Possible gains from the sale of treasury shares, reduced by tax effect, have been recognised in the share premium account before the new Companies Act came into effect on 1 September 2006 Gains from the sale of treasury shares that take place after the change in legislation are recognised, reduced by tax effect, in the invested unrestricted equity fund.

The share issue gain from the 2007 share issue, less transaction expenses, has been recognised in the invested unrestricted equity fund.

Gains from share issues arising before 1997 have been recognised in the general reserve.

The fair value reserve includes changes in the fair value of derivative instruments used in cash-flow hedging, less deferred taxes and presented in the consolidated statement of comprehensive income.

Retained earnings include profit from previous financial years, less dividends distributed and acquisitions of own shares. In connection with the sale of own shares (treasury stock) the original acquisition cost is returned to retained earnings. Under the IAS 8 standard, changes in accounting principles and errors are also recognised in the results of previous financial years.

The translation differences are the exchange rates in connection of consolidation of the foreign companies and the will presented in the consolidated statement of comprehensive income.

A hybrid bond on equity terms is recognised in shareholders' equity (after equity belonging to shareholders). The bond has no maturity date, but the company has the right to redeem it 4 years after the date of issue. The hybrid bond is unsecured and is in a weaker preference position than promissory notes. Its preference position is, however, better than other items listed in the company's shareholders' equity. A holder of a hybrid bond note has no shareholder rights, nor does the bond dilute the ownership of the company's shareholders. The bond is entered originally in the accounts at fair value. Transactions expenses have been included in the original carrying amount of the bond.

Dividend

The dividend liability to the company's shareholders is recognised as a liability in the consolidated financial statements when a meeting of shareholders has decided on the dividend distribution.

Treasury stock (own shares)

When the company have acquired its own shares or subsidiaries have acquired the parent company shares, the company's shareholders' equity is deducted by an amount consisting of the consideration paid less transaction costs after taxes unless the own shares are cancelled. No gain or loss is entered in the income statement for the sale, issue or cancellation of own shares; the consideration received is presented as a change of shareholders' equity.

Employee benefits

PENSION LIABILITIES

Pension schemes are classified as defined-benefit and defined-contribution schemes. Payments made into defined-contribution pension schemes are recognised in the income statement in the period to which the payment applies. In defined-benefit pension schemes, obligations are calculated using the projected unit credit method. Pension expenses are recognised as an expense over the employees' period of service based on calculations made by authorised actuaries. Actuarial gains and losses are recognised in the income statement over the employees' average remaining term of service to the extent that they exceed the greater of the following: 10% of pension obligations or 10% of the fair value of assets. When calculating the present value of pension obligations the interest rate on government securities is used as the discount rate. The terms to maturity of government securities approximate to the terms to maturity of the related pension liabilities.

The Group's foreign sales offices and subsidiaries have various pension schemes that comply with the local rules and practices of the countries in question. All of the most significant pension schemes are defined-contribution schemes. The statutory pension cover of the employees of the Group's Finnish companies has been handled by a Finnish pension insurance company. The pension cover is a defined-contribution scheme. The pension schemes of the parent company's President & CEO and members of the Board of Management as well as those of the managing directors of subsidiaries are individual schemes, and the retirement ages under these schemes vary from 60 to 65 years. All of these pension schemes are also defined-contribution schemes.

OTHER POST-EMPLOYMENT BENEFITS

All of the Group's post-employment benefits are defined-contribution benefits.

SHARE-BASED PAYMENTS

During the financial year the Group has had a share bonus scheme to which the IFRS 2 standard applies.

The Board of Directors decides annually the targets to be set. The targets are determined on the basis of the Group's financial and/or operational development. Achieving the targets set for the performance period determines how large a proportion of the maximum bonus will be paid. The fair value of the granted shares on the date they are granted is recognised in personnel expenses and as an increase in shareholders' equity during the financial period according to how the degree of fulfilment of the targets is assessed. The cash bonus is recognised on the basis of the fair value of the shares at each point in time in personnel expenses and as a liability. The expense impact on the period in question is allocated in the interim reports. Own shares for the share bonus scheme have been acquired in the market, so the granting of these shares does not dilute share ownership.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as the result of a past event, the fulfilment of the payment obligation is probable, and a reliable estimate of the amount of the obligation can be made. If it is possible to receive compensation for part of the obligation from a third party, the compensation is recognised as an asset item when it is in practice certain that the compensation will be received. Provisions are valued at the net present value of the expenses required to cover the obligation. The discount factor used when calculating present value is selected so that it describes the market view at the time of examination of the time value of the money and the risk relating to the obligation.

Restructuring provisions are recognised when the Group has prepared a detailed restructuring plan and has begun to implement the plan or has announced it will do so. A restructuring plan must include at least the following information: the operations affected, the main operating points affected, the workplace locations, working tasks and estimated number of the people who will be paid compensation for the ending of their employment, the likely costs and the date of implementation of the plan.

The Group is obliged to surrender leased aircraft at a certain maintenance standard. To fulfil these maintenance obligations the Group recognises heavy maintenance provisions. The basis for the provision is flight hours flown during the maintenance period.

Segment reporting

Segment information is presented according to the Group's business and geographical segment division. The Group's primary form of segment reporting is according to business segments. Business segments are based on the Group's internal organisational structure and financial reporting of management. The business segments are Airline Business, Aviation Services and Travel Services.

The Airline Business segment is responsible for sales, service concepts, flight operations and functions related to the procurement and financing of aircraft. In 2009 the units belonging the Airline Business segment were Finnair scheduled route and leisure traffic, Finnair Cargo Oy and Finnair Cargo Terminal Operations as well as Finnair Aircraft Finance Oy, which manages the Group's fleet.

The Aviation Services segment comprises aircraft maintenance services, ground handling and the Group's catering operations as well as real-estate management and facility services for Finnair's operational premises. In 2009 the following companies belonged to the Aviation Services business segment: Finnair Catering Oy, Finncatering Oy, Finnair Facilities Management Oy and Northport Oy.

The Travel Services segment consists of the Group's domestic and foreign travel agency operations as well as the operations of the reservations systems supplier Amadeus Finland Oy. In 2009 the following companies belonged to the Travel Services business segment: Package tour companies Oy Aurinkomatkat Suntours Ltd Ab, Matkayhtymä Oy, Toivelomat Oy, OU Horizon Travel, Calypso, Finland Travel Bureau Ltd, Matkatoimisto Oy Area and A/S Estravel.

Pricing between segments takes place at the going market price.

The assets and liabilities of segments are business items which the segment uses in its business operations or which on sensible grounds are attributable to the segments. Unattributable items include tax and financial items as well as items common to the whole company. Investments consist of increases in tangible fixed assets and intangible assets which are used in more than one financial year.

Although the Group's four business segments are managed from Finland, they operate in five geographical areas: Finland, Europe, Asia, North America and Others.

The turnover of the geographical segments is presented according to sales destination, and assets according to the location of the asset.

Accounting principles requiring management discretion and the main uncertainty factors relating to estimates

The preparation of financial statements requires the use of estimates and assumptions relating to the future, and the actual outcomes may differ from the estimates and assumptions made. In addition, discretion has to be exercised in applying the accounting principles of the financial statements. Estimates are based on management's best view on the closing date. Possible changes in estimates and assumptions are entered into the accounts in the financial period during which the estimates and assumptions are adjusted and in all subsequent financial periods. The main items requiring management discretion are as follows: impairment testing and deferred taxes.

Impairment testing

The recoverable amounts of cash generating units have been determined in calculations based on value in use. The preparation of these calculations requires the use of estimates. Estimates are based on budgets and forecasts, which inherently contain some degree of uncertainty. The main uncertainty factors in calculations are the USD/EUR exchange rate, unit revenue and load factor. Further information on impairment testing is presented in Note 16 and 17.

Deferred taxes

Utilising deferred taxes, arising particularly from losses, requires a management assessment of the future trend of business operations. Further information on deferred taxes is presented in Note 20.

Application of new and amended IFRS standards and IFRIC interpretations

The IASB has published the following standards and interpretations. In 2009 or earlier adopted has followed in financial statements 2009. The Group has decided not to adapt those standards and interpretations which will be mandatory in 2010 or later. The Group has not early adopted these standards, but will adopt them in later periods.

IN PREPARING THESE FINANCIAL STATEMENTS, THE GROUP HAS FOLLOWED THE SAME ACCOUNTING POLICIES AS IN THE ANNUAL FINANCIAL STATEMENTS FOR 2008 EXCEPT FOR THE EFFECT OF CHANGES REQUIRED BY THE ADOPTION OF THE FOLLOWING STANDARDS, INTERPRETATIONS AND AMENDMENTS ON 1 JANUARY 2009:

- IFRIC 13, Customer loyalty programmes. The interpretation clarifies that where goods or services are sold together with a customer loyalty incentive, the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. The Group operates loyalty programmes as defined by the interpretation in the scheduled traffic segment. The adoption of the interpretation will result in reclassification of about 20 million euros from the retained earnings of prior years to deferred credits on 1 January 2009 when it will changes the turnover, deferred taxes and equity of the previous year.

- IAS 1 (Revised), Presentation of financial statements. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. The revised standard also requires an entity to present a statement of financial position as at the beginning of the earliest comparative period when the entity applies an accounting policy retrospectively or makes a retrospective restatement or when the entity reclassifies items in the financial statements. The change in accounting policy only impacts presentation aspects.

- IFRS 8, Operating segments. The new standard replaces IAS 14. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The segments reported by the Group will also in the future be the same as the business segments under IAS 14, but the manner in which the segments are reported, will change slightly to be consistent with the internal reporting.

- IAS 23 (Revised), Borrowing costs. Revised IAS 23 changes the accounting policy in respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009. The borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalised as part of the cost of that asset. Previously all borrowing costs could be recognised as an expense immediately. The revised standard does not have an impact on the consolidated financial statements. The standard changes the Group's accounting policy and after 1 January 2009 the group capitalises borrowing costs directly attributable to a qualifying asset. In accordance with the transition provisions of the standard comparative figures have not been restated. Such Borrowing Costs are expected to be most in the Airline Business segment. In fiscal year 2009 there have not been any expenses according to the standard IAS 23 (Revised).

- IAS 1 and IAS 32 (Amendments), Financial instruments puttable at fair value and obligations arising on liquidation. The amendments classify the puttable financial instruments financial instruments as equity, provided they have particular features and meet specific conditions. Before the amendment these instruments were classified as liability. The amendment does not have a material impact on the consolidated financial statements.

- IFRS 2 (Amendment), Share-based payment – vesting conditions and cancellations. The amendment clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are non-vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation there of subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The amendment does not have a material impact on the consolidated financial statements.

- IFRIC 11 and IFRS 2, Group and treasury share transactions. The interpretation provides guidance on whether share-based transactions involving treasury shares or involving group entities should be accounted for as equity settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. The interpretation does not have any impact on the consolidated financial statements.

- IFRIC 14 and IAS 19, The limit on a defined benefit asset, minimum funding requirements and their interaction. The interpretation is applied to post-employment defined benefit plans and other long-term defined benefit plans under IAS 19, if the plan includes minimum funding requirements. The interpretation also clarifies the criteria for recognition of an asset on future refunds or reductions in future contributions. The interpretation does not have any impact on the consolidated financial statements. .

- IFRS 1 and IAS 27 (Amendments), Cost of an investment in a subsidiary, jointly controlled entity or associate in adoption of IFRS. The amended standards allow first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removes the definition of the cost method from IAS 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor. The amendments do not have any impact on the consolidated financial statements as the Group is not a first time adopter of IFRSs.

- IAS 39 (Amendment), Financial instruments: Recognition and measurement – Eligible hedged items. The amendment prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges. The amendment does not have a material impact on the consolidated financial statements.

- IFRS 7 (Amendment), Enhancing disclosures on financial instruments. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by levels of a fair value measurement hierarchy. The change in accounting policy only results in additional disclosures the in consolidated financial statements.

IASB PUBLISHED CHANGES TO 34 STANDARDS IN MAY 2008 AS PART OF THE ANNUAL IMPROVEMENTS IFRSS PROJECT. THE FOLLOWING PRESENTATION INCLUDES THE MOST RELEVANT CHANGES THE GROUP ADOPTED IN 2009.

- IAS 1 (Amendment), Current assets and current liabilities. The amendment clarifies that some rather than all financial assets classified as held for trading in accordance with IAS 39 are current assets or liabilities. Before the amendment some entities classified all derivatives in held for trading category as current. The held for trading category in paragraph 9 of IAS 39 is for measurement purposes and includes financial assets and liabilities that may not be held primarily for trading purposes. The amendment does not have any material impact on the consolidated financial statements. As a result of the amendment the Group reclassified derivatives in held for trading category as non-current in case they mature after 12 months and the Group does not hold them primarily for trading purposes.

- IAS 16 and IAS 7 (Amendments), Renting and subsequent selling of assets. Entities whose ordinary activities comprise renting and subsequently selling assets present proceeds from the sale of those assets as revenue and should transfer the carrying amount of the asset to inventories when the asset becomes held for sale. A consequential amendment to IAS 7 states that cash flows arising from purchase, rental and sale of those assets are classified as cash flows from operating activities. The amendment does not have any material impact on the consolidated financial statements., while any Group company does not have this kind of activities.

- IAS 19 (Amendment), Employee benefits. The amendment clarifies among others things that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation. Management assesses that the amendment will not have a material impact on the financial statements of the Group.

- IAS 20 (Amendment), Accounting for government grants and disclosure of government assistance. The benefit of a below market rate government loan is measured as the difference between the carrying amount in accordance with IAS 39 and the proceeds received with the benefit accounted for in accordance with IAS 20. Management assesses that the amendment will not have a material impact on the financial statements of the Group.

- IAS 23 (Amendment), Borrowing costs. The definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in IAS 39. Management assesses that the amendment will not have a material impact on the financial statements of the Group.

- IAS 27 (Amendment), Consolidated and separate financial statements. Where an investment in a subsidiary that is accounted for under IAS 39, 'Financial instruments: recognition and measurement', is classified as held for sale under IFRS 5, 'Non-current assets held-for-sale and discontinued operations', IAS 39 would continue to be applied. Management assesses that the amendment will not have a material impact on the financial statements of the Group.

- IAS 28 (Amendment), Investments in associates (and consequential amendments to IAS 32, 'Financial instruments: Presentation' and IFRS 7, 'Financial instruments: Disclosures'). Where an investment in associate is accounted for in accordance with IAS 39, only certain rather than all disclosure requirements in IAS 28 need to be made in addition to disclosures required by IAS 32 and IFRS 7. The Group will not reduce the amount of information presented in the notes to the financial statements of the Group in the way allowed by the amendment, but will continue the current presentation.

- IAS 28 (Amendment), Investments in associates (and consequential amendments to IAS 32, 'Financial instruments: Presentation', and IFRS 7, 'Financial instruments: Disclosures'). An investment in an associate is treated as a single asset for the purposes of impairment testing. Any impairment loss is not allocated to specific assets included within the investment, for example, goodwill. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases. Management assesses that the amendment will not have a material impact on the financial statements of the Group.

- IAS 31 (Amendment), Interests in joint ventures (and consequential amendments to IAS 32 and IFRS 7). Where an investment in joint venture is accounted for in accordance with IAS 39, only certain rather than all disclosure requirements in IAS 31 need to be made in addition to disclosures required by IAS 32 and IFRS 7. The Group will not reduce the amount of information presented in the notes to the financial statements of the Group in the way allowed by the amendment, but will continue the current presentation.

- IAS 36 (Amendment), Impairment of assets. Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The change to the standard will increase the amount of information presented on impairment testing in the notes to the financial statements of the Group.

- IAS 38 (Amendment), Intangible assets. A prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. Management assesses that the amendment will not have a material impact on the financial statements of the Group.

- IAS 38 (Amendment), Intangible assets. The amendment deletes the wording that states that there is 'rarely, if ever' support for use of a method that results in a lower rate of amortisation than the straight-line method. Management assesses that the amendment will not have a material impact on the financial statements of the Group.

- IAS 40 and IAS 16 (Amendments), Classification of property. Property that is under construction or development for future use as investment property is within the scope of IAS 40. Where the fair value model is applied, such property is, therefore, measured at fair value. However, where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably measurable. The amendment does not have any material impact on the consolidated financial statements.

IN ADDITION TO THE NEW STANDARDS AND INTERPRETATIONS PRESENTED IN THE ANNUAL FINANCIAL STATEMENTS FOR 2008, THE FOLLOWING STANDARDS AND INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS AND INTERPRETAIONS ISSUED DURING THE YEAR 2009 WILL BE ADOPTED BY THE GROUP IN 2010:

- IFRS 3 (revised), Business combinations. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair vale or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The revised standard will affect the accounting of all business combinations from 1 January 2010. Management is assessing the impact of this interpretation on the financial statements of the Group.

- IAS 27 (revised), Consolidated and separate financial statements. The revised standard requires the effects of all transactions with noncontrolling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from 1 January 2010. Management is assessing the impact of this interpretation on the financial statements of the Group.

- IFRIC 17, Distribution of non-cash assets to owners. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. Management is assessing the impact of this interpretation on the financial statements of the Group.

- IFRIC 18*, Transfers of assets from customers. The interpretation clarifies the requirements of IFRS standards for agreements in which an entity receives from a customer an item of property, plant and equipment or cash to be invested in such an item that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services. The interpretation does not have an impact on the consolidated financial statements.

- IFRIC 9 and IAS 39 (Amendment)*, Reassessment of embedded derivatives on reclassification. The amendments to IFRIC 9 and IAS 39 clarify that on reclassification of a financial asset out of the 'at fair value through profit or loss' category all embedded derivatives have to be assessed and, if necessary, separately accounted for in financial statements. Management is assessing the impact of this interpretation on the financial statements of the Group.

- IFRS 2 (Amendment)*, Share-based payment – Group cash-settled share-based payment transactions. The amendment to IFRS 2 clarifies that an entity that receives goods or services from its suppliers must apply IFRS 2 even though the entity has no obligation to make the required share-based cash payments. Management is assessing the impact of this interpretation on the financial statements of the Group.

- IFRS 1 (Amendment)*, First-time adoption of financial instruments – Additional exemptions for first-time adopters. The amendment sets out additional exemptions for entities that apply IFRS for the first time. The interpretation does not have an impact on the consolidated financial statements as the Group is not a first time adopter of IFRSs.

IASB PUBLISHED CHANGES TO 12 STANDARDS OR INTERPRETATIONS IN APRIL 2009 AS PART OF THE ANNUAL IMPROVEMENTS TO IFRSS PROJECT, WHICH WILL BE ADOPTED BY THE GROUP IN 2010. THE FOLLOWING PRESENTATION INCLUDES THE MOST RELEVANT CHANGES TO THE GROUP.*

- IFRS 2 (Amendment), Scope of IFRS 2 – Share-based payment. The amendment is to confirm that in addition to business combinations as defined by IFRS 3 (revised) 'Business combinations', contributions of a business on formation of a joint venture and common control transactions are excluded from the scope of IFRS 2, 'Share-based payment'. Management is assessing the impact of these changes on the financial statements of the Group.

- IFRS 5 (Amendment), Non-current assets held for sale and discontinued operations. The amendment to clarify that IFRS 5, 'Non-current assets held for sale and discontinued operations', specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. The amendment also clarifies that the general requirements of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. Management is assessing the impact of these changes on the financial statements of the Group.

- IFRS 8 (Amendment), Operating segments. Minor textual amendment to the standard, and amendment to the basis for conclusions, to clarify that an entity is required to disclose a measure of segment assets only if that measure is regularly reported to the chief operating decision-maker. Management is assessing the impact of these changes on the financial statements of the Group.

- IAS 1 (Amendment), Presentation of financial statements. The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. Management is assessing the impact of these changes on the financial statements of the Group.

- IAS 7 (Amendment), Statement of cash flows. The amendment to require that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities. Management is assessing the impact of these changes on the financial statements of the Group.

- IAS 17 (Amendment), Leases. The amendment deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating using the general principles of IAS 17. Management is assessing the impact of these changes on the financial statements of the Group.

- IAS 18 (Amendment), Revenue. Additional guidance added to the appendix to IAS 18, Revenue, regarding the determination as to whether an entity is acting as a principal or an agent. Management is assessing the impact of these changes on the financial statements of the Group.

- IAS 36 (Amendment), Impairment of assets. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment as defined in IFRS 8, 'Operating segments' (that is, before the aggregation of segments with similar economic characteristics permitted by IFRS 8). Management is assessing the impact of these changes on the financial statements of the Group.

- IAS 38 (Amendment), Intangible assets. The amendment clarifies the requirements under IFRS 3 (2008) regarding accounting for intangible assets acquired in a business combination. Management is assessing the impact of these changes on the financial statements of the Group.

- IAS 38 (Amendment), Intangible assets. The amendment clarifies the description of valuation techniques commonly used by entities when measuring the fair value of intangible assets acquired in a business combination that are not traded in active markets. Management is assessing the impact of these changes on the financial statements of the Group.

- IAS 39 (Amendment), Financial instruments: recognition and measurement. The amendment clarifies that pre-payment options, the exercise price of which compensates the lender for loss of interest by reducing the economic loss from reinvestment risk should be considered closely related to the host debt contract. Management is assessing the impact of these changes on the financial statements of the Group.

- IAS 39 (Amendment), Financial instruments: recognition and measurement. The amendment to the scope exemption in paragraph 2(g) of IAS 39 to clarify that: (a) it only applies to binding (forward) contracts between an acquirer and a vendor in a business combination to buy an acquiree at a future date; (b) the term of the forward contract should not exceed a reasonable period normally necessary to obtain any required approvals and to complete the transaction; and (c) the exemption should not be applied to option contracts (whether or not currently exercisable) that on exercise will result in control of an entity, nor by analogy to investments in associates and similar transactions. Management is assessing the impact of these changes on the financial statements of the Group.

- IAS 39 (Amendment), Financial instruments: recognition and measurement. The amendment clarifies that gains or losses should be reclassified from equity to profit or loss in the period in which the hedged forecast cash flow affects profit or loss. Management is assessing the impact of these changes on the financial statements of the Group.

- IFRIC 9 (Amendment), Reassessment of embedded derivatives. The amendment to the scope paragraph of IFRIC 9 clarifies that it does not apply to possible reassessment, at the date of acquisition, to embedded derivatives in contracts acquired in a combination between entities or businesses under common control or the formation of a joint venture. Management is assessing the impact of these changes on the financial statements of the Group.

- IFRIC 16 (Amendment), Hedges of a net investment in a foreign operation. The amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of IAS 39 that relate to a net investment hedge are satisfied. Management is assessing the impact of these changes on the financial statements of the Group.

THE FOLLOWING STANDARDS, INTERPRETATIONS AND AMENDMENTS WILL BE ADOPTED IN 2011 OR LATER:

- IAS 32 (Amendment), Financial Instruments: presentation – Classification of rights issues. The amendment addresses the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously such rights issues were accounted for as derivative liabilities. However, the amendment requires that, provided certain conditions are met, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated. The Group will adopt the amendment in its 2011 financial statements. Management is assessing the impact of this interpretation on the financial statements of the Group.

- IAS 24 (revised)*, Related party disclosures. The revised standard simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party. The revised standard still requires disclosures that are important to users of financial statements but eliminates requirements to disclose information that is costly to gather and of less value to users. It achieves this balance by requiring disclosure about these transactions only if they are individually or collectively significant. The Group will adopt the revised standard in its 2011 financial statements. Management is assessing the impact of this interpretation on the financial statements of the Group.

- IFRIC 19*, Extinguishing financial liabilities with equity instruments. The interpretation clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor. IFRIC 19 requires a gain or loss to be recognised in profit or loss when a liability is settled through the issuance of the entity's own equity instruments. The amount of the gain or loss recognised in profit or loss will be the difference between the carrying value of the financial liability and the fair value of the equity instruments issued. The Group will adopt the interpretation in its 2011 financial statements. Management is assessing the impact of this interpretation on the financial statements of the Group.

- IFRIC 14 (Amendment)*, Prepayments of a minimum funding requirement. The amendment is aimed at correcting an unintended consequence of IFRIC 14. As a result of the interpretation, entities are in some circumstances not permitted to recognise some prepayments for minimum funding contributions as an asset. The amendment remedies this unintended consequence by requiring prepayments in appropriate circumstances to be recognised as assets. The Group will adopt the amendment in its 2011 financial statements. Management is assessing the impact of this interpretation on the financial statements of the Group.

- IFRS 9*, Financial assets – Classification and measurement. The standard represents the first milestone in the IASB's planned replacement of IAS 39. It addresses classification and measurement of financial assets. The next steps involve reconsideration and re-exposure of the classification and measurement requirements for financial liabilities, impairment testing methods for financial assets, and development of enhanced guidance on hedge accounting. The Group will adopt the standard in its 2013 financial statements. The standard will have major impacts on accounting for financial instruments, and the management is currently starting to assess them.

THE FOLLOWING NEW STANDARDS, CHANGES TO STANDARDS AND THE APPLICATION OF INTERPRETATIONS WHICH ARE PERCEIVED TO BE ESSENTIAL FOR THE GROUP HAVE BEEN INTRODUCED FROM THE BEGINNING OF 2009:

- IFRIC 13, Customer loyalty programmes. The interpretation clarifies that where goods or services are sold together with a customer loyalty incentive. The arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. The Group operates loyalty programmes as defined by the interpretation (Finnair-Plus program) in the airline business segment. After the adoption of the interpretation the correspondence of deferred credits, equity and deferred taxes of the previous year reported balance sheet and turnover, marketing expenses and deferred credits of the previous year income and loss statement has been made. The adoption of the interpretation will result in reclassification of about 20 million euros from the retained earnings of prior years to deferred credits on 1 January 2009 it affects turnover, deferred taxes and equity of the previous year.

- IAS 1 (revised), Presentation of financial statements. The revised standard is aimed at improving users' ability to analyse and compare the information given in financial statements by separating changes in equity of an entity arising from transactions with owners from other changes in equity. Non-owner changed in equity will be presented in the statement of comprehensive income. The Group has been reported the income statement and statement of comprehensive income and made the correspondence of the previous year income statement and statement of the comprehensive income according to the IAS 1 (Revised).

- IFRS 8, Operating segments. The new standard replaces IAS 14. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The segments reported by the Group will also in the future be the same as the business segments under IAS 14. The manner in which the segments are reported, will change slightly to be consistent with the internal reporting.

- IAS 23 (Amendment), Borrowing costs. The amended standard requires an entity to capitalise borrowing costs directly attributable to a qualifying asset as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will commence capitalisation of borrowing cost related to such undertakings as well as projects to be accounted for under the stage of completion method embarked in 2009. Such borrowing costs are expected to be most in the airline business segment. In 2009 there have not been any borrowing costs according to IAS 23 standard.

** The standard, interpretation or amendment to published standard or interpretation is still subject to endorsement by the European Union.*

A copy of the consolidated financial statements can be obtained at the internet address www.finnair.com or from the head office of the Group's parent company at the address Tietotie 11 A, Vantaa. The full financial statements containing the financial statements of both the Group and the parent company can be obtained from the head office of the Group's parent company at the address Tietotie 11 A, Vantaa.

These financial statements do not contain all of the parent company's financial statement information under the Finnish Accounting Act.

3. SEGMENT INFORMATION

Annual information

Segment information is presented according to the Group's business and geographical segment division. The Group's primary form of segment reporting is according to business segments. Business segments are based on the Group's internal organisational structure and financial reporting of management. The business segments are Airline Business, Aviation Services and Travel Services. Pricing between segments takes place at fair value. The assets and liabilities of segments are such business items which the segment uses in its business operations or which on sensible grounds are attributable to the segments. Unattributable items include tax and financial items as well as items common to the whole company. Investments consist of increases in tangible and intangible assets which are used in more than one financial year. Although the Group's three business segments are managed from Finland, they operate in five geographical areas: Finland, Europe, Asia, North America and Others. The turnover of the geographical segments is presented according to sales destination, and assets, liabilities, depreciation and investments according to their location.

Primary reporting format - business segment data 1 Jan–31 Dec 2009

EUR mill.	Airline Business	Aviation Services	Travel Services	Group eliminations	Unallocated items	Group
External turnover	1,387.2	105.8	344.7			1,837.7
Internal turnover	150.7	315.5	1.8	-468.0		0.0
Turnover	1,537.9	421.3	346.5	-468.0	0.0	1,837.7
Operating profit	-191.2	29.8	-4.3		41.7	-124.0
Share of results of associated undertakings					0.1	0.1
Financial income					8.9	8.9
Financial expenses					-18.7	-18.7
Income tax					31.8	31.8
Minority interest					-0.1	-0.1
Profit for the financial year						-102.0
Segment assets	1,554.4	331.3	144.2	-251.6	660.4	2,438.7
Holdings in associated undertakings		8.3				8.3
Assets, total	1,554.4	339.6	144.2	-251.6	660.4	2,447.0
Segment liabilities	1,476.4	173.6	119.7	-266.1	89.9	1,593.5
Other items						
Investments	325.1	17.6	4.0	0.0	0.9	347.6
Depreciation	99.3	30.6	1.3	0.0	1.6	132.8

Primary reporting format - business segment data 1 Jan–31 Dec 2008						
EUR mill.	Airline Business	Aviation Services	Travel Services	Group eliminations	Unallocated items	Group
External turnover	1,765.4	106.8	383.6			2,255.8
Internal turnover	155.3	339.0	2.3	-496.6		0.0
Turnover	1,920.7	445.8	385.9	-496.6	0.0	2,255.8
Operating profit	-16.9	10.9	12.0		-63.9	-57.9
Share of results of associated undertakings					0.3	0.3
Financial income					22.1	22.1
Financial expenses					-26.7	-26.7
Income tax					16.1	16.1
Minority interest					-0.2	-0.2
Profit for the financial year						-46.3
Segment assets	1,410.4	335.5	172.1	-353.7	513.5	2,077.8
Holdings in associated undertakings		6.0	0.1			6.1
Assets, total	1,410.4	341.5	172.2	-353.7	513.5	2,083.9
Segment liabilities	1,249.4	150.5	143.5	-438.4	228.4	1,333.4
Other items						
Investments	196.1	34.2	1.2	0.0	1.3	232.8
Depreciation	77.4	30.5	1.9	0.0	0.4	110.2

Employees (average) by segment		
	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Airline Business	3,925	4,280
Aviation Services	3,347	3,650
Travel Services	1,289	1,419
Other operations	236	246
Total	**8,797**	**9,595**
Employees at end of year	7,945	9,617

Secondary reporting format - geographical segments		
Turnover outside the Group by sales segment		
EUR mill.	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Finland	358.8	432.8
Europe	782.2	962.5
Asia	551.5	708.8
North America	55.9	67.6
Others	89.3	84.1
Total	**1,837.7**	**2,255.8**

Segment assets according to country of location		
EUR mill.	31 Dec 2009	31 Dec 2008
Finland	2,403.3	1,956.8
Europe	31.9	77.7
Asia	4.6	40.8
North America	1.0	1.5
Others	6.2	7.1
Total	**2,447.0**	**2,083.9**

Segment liabilities according to country of location		
EUR mill.	31 Dec 2009	31 Dec 2008
Finland	906.1	1,094.0
Europe	632.1	205.2
Asia	24.4	26.7
North America	15.6	1.7
Others	15.3	5.8
Total	**1,593.5**	**1,333.4**

Capital expenditure by country of location		
EUR mill.	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Finland	347.5	232.5
Europe	0.1	0.3
Asia	0.0	0.0
North America	0.0	0.0
Others	0.0	0.0
Unallocated items	0.0	0.0
Total	**347.6**	**232.8**

QUARTAL INFORMATION

Consolidated income statement

EUR mill.	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2008	Q2 2008	Q3 2008	Q4 2008
Turnover	**515.7**	**427.4**	**436.9**	**457.7**	**572.9**	**545.2**	**558.7**	**579.0**
Production for own use	0.4	0.5	0.6	3.2	0.1	0.5	0.5	0.5
Other operating income	3.7	4.2	34.4	5.5	5.9	8.3	4.3	8.6
Operating income	**519.8**	**432.1**	**471.9**	**466.4**	**578.9**	**554.0**	**563.5**	**588.1**
Operating expenses								
Employee benefit expense	135.2	116.6	121.0	115.1	140.5	128.2	129.3	143.0
Fuel	131.8	109.3	108.0	101.2	134.9	133.7	150.9	138.1
Lease payments for aircraft	19.3	18.9	17.9	18.3	20.4	20.7	20.7	20.8
Other rental payments	26.7	18.1	16.3	20.3	18.0	17.2	13.3	20.8
Fleet materials and overhauls	26.3	25.1	32.0	29.9	19.7	23.1	21.4	31.9
Traffic charges	45.0	42.2	43.9	40.0	43.6	47.1	48.6	49.2
Ground handling and catering expenses	33.4	30.1	30.7	36.0	35.2	36.5	38.1	36.8
Expenses for tour operations	45.5	25.3	25.9	34.4	44.6	25.5	27.4	41.4
Sales and marketing expenses	20.4	20.1	14.3	22.4	26.8	24.6	23.7	27.8
Depreciation and impairment	26.7	29.4	40.4	36.3	27.7	24.2	30.1	28.2
Other expenses	33.8	29.5	45.6	55.6	58.7	53.1	85.5	111.4
Total	**544.1**	**464.6**	**496.0**	**509.5**	**570.1**	**533.9**	**589.0**	**649.4**
Operating profit	**-24.3**	**-32.5**	**-24.1**	**-43.1**	**8.8**	**20.1**	**-25.5**	**-61.3**
Financial income	3.1	0.9	2.7	2.2	5.4	7.2	5.4	4.1
Financial expenses	-3.8	-3.7	-6.6	-4.6	-9.9	-8.8	-2.9	-5.1
Share of result of associated companies	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.3
Profit before taxes	**-25.0**	**-35.3**	**-28.0**	**-45.4**	**4.3**	**18.5**	**-23.0**	**-62.0**
Income taxes	6.4	9.3	7.3	8.8	-1.2	-5.1	5.2	17.2
Profit for the financial year	**-18.6**	**-26.0**	**-20.7**	**-36.6**	**3.1**	**13.4**	**-17.8**	**-44.8**
Share attributable to parent company's shareholders	-18.6	-26.1	-20.7	-36.6	3.1	13.4	-17.8	-45.0
Minority interests	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.2
Earnings per share calculated from profit attributable to shareholders of the parent company								
Basic earnings per share, EUR/share	-0.15	-0.20	-0.16	-0.30	0.03	0.12	-0.15	-0.36
Diluted earnings per share, EUR/share	-0.15	-0.20	-0.16	-0.30	0.03	0.12	-0.15	-0.36

Comparison year figures have been converted to correspond with the presentation practice of the year ended.

Consolidated balance sheet

EUR mill.	31 Mar 2009	30 Jun 2009	30 Sep 2009	31 Dec 2009	31 Mar 2008	30 Jun 2008	30 Sep 2008	31 Dec 2008	31 Dec 2007
ASSETS									
Non-current assets									
Intangible assets	47.7	46.9	44.3	46.1	49.0	48.9	47.7	48.1	46.6
Tangible assets	1,373.5	1,524.0	1,457.2	1,469.0	1,234.7	1,232.0	1,242.7	1,272.1	1,168.9
Holdings in associated companies	5.8	5.8	5.8	8.3	5.8	5.8	5.8	6.1	5.7
Receivables	23.3	21.3	21.1	20.5	12.9	19.9	21.5	21.5	13.8
Deferred tax assets	64.2	63.6	63.6	42.0	28.2	30.8	19.9	57.7	10.4
	1,514.5	1,661.6	1,592.0	1,585.9	1,330.6	1,337.4	1,337.6	1,405.5	1,245.4
Current assets									
Inventories	36.3	37.4	30.2	36.8	40.1	38.3	37.6	35.1	36.1
Trade receivables and other receivables	281.4	222.1	335.5	197.5	367.6	477.8	358.5	231.8	287.3
Other financial assets	359.6	249.5	299.1	598.2	443.6	418.5	357.7	373.8	518.6
Cash and cash equivalents	15.2	16.5	5.3	9.2	17.5	18.6	16.3	18.3	21.5
	692.5	525.5	670.1	841.7	868.8	953.2	770.1	659.0	863.5
Non-current assets held for sale	19.4	19.4	19.4	19.4	32.8	16.2	35.3	19.4	34.7
Assets, total	**2,226.4**	**2,206.5**	**2,281.5**	**2,447.0**	**2,232.2**	**2,306.8**	**2,143.0**	**2,083.9**	**2,143.6**

Consolidated balance sheet

EUR mill.	31 Mar 2009	30 Jun 2009	30 Sep 2009	31 Dec 2009	31 Mar 2008	30 Jun 2008	30 Sep 2008	31 Dec 2008	31 Dec 2007
SHAREHOLDERS' EQUITY AND LIABILITIES									
Equity attributable to shareholders of parent company									
Share capital	75.4	75.4	75.4	75.4	75.4	75.4	75.4	75.4	75.4
Other equity	668.2	678.2	784.7	777.2	869.8	957.0	866.2	674.0	909.9
	743.6	**753.6**	**860.1**	**852.6**	**945.2**	**1,032.4**	**941.6**	**749.4**	**985.3**
Minority interest	0.7	0.7	0.7	0.9	1.1	0.8	0.8	1.1	1.7
Shareholders' equity, total	**744.3**	**754.3**	**860.8**	**853.5**	**946.3**	**1,033.2**	**942.4**	**750.5**	**987.0**
Non-current liabilities									
Deferred tax liabilities	122.3	121.6	105.7	99.1	150.1	176.3	149.1	120.6	144.5
Financial liabilities	271.8	421.1	436.0	637.4	258.9	226.9	242.8	261.1	269.6
Pension obligations	1.9	0.0	0.0	0.0	14.0	12.2	2.2	6.1	15.8
Total	396.0	542.7	541.7	736.5	423.0	415.4	394.1	387.8	429.9
Current liabilities									
Current income tax liability	0.0	0.0	0.0	0.0	7.5	13.3	0.0	1.5	12.1
Provisions	60.7	60.2	59.9	73.0	53.8	54.3	53.3	61.5	53.6
Financial liabilities	222.2	181.4	177.4	201.8	55.2	53.2	51.9	48.5	54.5
Trade payables and other liabilities	803.2	667.9	641.7	582.2	746.4	737.4	701.3	834.1	606.5
Total	1,086.1	909.5	879.0	857.0	862.9	858.2	806.5	945.6	726.7
Liabilities, total	**1,482.1**	**1,452.2**	**1,420.7**	**1,593.5**	**1,285.9**	**1,273.6**	**1,200.6**	**1,333.4**	**1,156.6**
Shareholders' equity and liabilities, total	**2,226.4**	**2,206.5**	**2,281.5**	**2,447.0**	**2,232.2**	**2,306.8**	**2,143.0**	**2,083.9**	**2,143.6**

Segment information

Turnover by quarter

EUR mill.	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2008	Q2 2008	Q3 2008	Q4 2008
Airline Business	425.6	362.6	378.8	370.9	477.2	471.7	487.1	484.7
Aviation Services	112.8	101.6	95.8	111.1	109.9	111.5	108.6	115.8
Travel Services	114.8	71.9	65.8	94.0	120.9	76.3	76.8	111.9
Group eliminations	-137.5	-108.7	-103.5	-118.3	-135.1	-114.3	-113.8	-133.4
Total	**515.7**	**427.4**	**436.9**	**457.7**	**572.9**	**545.2**	**558.7**	**579.0**

Operating profit excluding the disposal of the capital assets, fair value changes of derivatives and arragement expenses by quarter								
EUR mill.	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2008	Q2 2008	Q3 2008	Q4 2008
Airline Business	-44.0	-51.1	-28.3	-47.1	3.1	1.0	-0.5	-23.0
Aviation Services	2.3	-0.2	-4.7	9.9	2.5	4.4	1.9	5.0
Travel Services	-2.3	-2.8	-0.4	1.2	4.7	-0.8	3.1	5.3
Unallocated items	-3.5	-2.8	-3.0	-3.4	-2.5	0.0	-2.4	-1.0
Total	**-47.5**	**-56.9**	**-36.4**	**-39.4**	**7.8**	**4.6**	**2.1**	**-13.7**

4. ACQUIRED BUSINESSES

The Finnair Group's Oy Aurinkomatkat - Suntours Ltd Ab has purchased on March 2009 100% of the share stock of Toivelomat company which has been earlier as associated company and the company has been consolidated to the Group since purchase date. The purchase price 0.1 million euros has been paid cash.The company's year 2009 profit, 0.0 million euros, is included in the consolidated income statement for 2009. The company's turnover 2009, 0.3 million euros, is included in full in the Group's turnover. The company is consolidated from the beginning of April 2009 to the group.

Values of liabilities and acquired assets at the acquisition date:		
EUR mill.	Recognised fair values	Book values before consolidation
Trade and other receivables	0.1	0.1
Cash and cash equivalents	0.1	0.2
Total	**0.2**	**0.3**
Other financial liabilities	-0.1	-0.2
Net assets	0.1	0.1
Bought net assets	0.1	
Acquisition cost	0.1	
Acquisition price paid in cash	0.1	
Cash and cash equivalents of acquired subsidiary	-0.1	
Cash flow effect	0.0	

5. ASSET ITEMS SOLD AND NON CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale

In the Airline Business segment the following have been classified as available for sale: one MD 11 aircraft, because the sum corresponding to its carrying amount will accrue from the sale of the asset item instead of operational use. The company management has decided on its sale, with the intention of implementing it during 2010. The aircraft to be sold is for sale in its present condition on the industry's general and customary terms and conditions. Depreciation of the aircraft and engines in question was discontinued at the time of classification.

Impairments totalling 0.0 million euros have been recognised for the fleet in 2009 (0.0), as the asset was valued at selling prices less costs of sale. Impairments are presented in the income statement group 'Depreciation'.

The book value of the non-current assets held for sale

EUR mill.	31 Dec 2009	31 Dec 2008
Aircraft	19.4	19.4
Total	**19.4**	**19.4**

6. PRODUCTION FOR OWN USE

EUR mill.	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Component production	2.6	0.9
Heavy maintenance	2.1	0.7
Total	**4.7**	**1.6**

7. OTHER OPERATING INCOME

EUR mill.	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Capital gains on sales of tangible fixed assets	32.9	6.1
Capital gain from shares	0.0	0.1
Sell of subsidiaries	0.0	0.0
Rental income	4.0	4.0
Others	10.9	16.9
Total	**47.8**	**27.1**

Other operating income includes frequent-flyer income of 1.7 EUR million (7.0) and during the financial year, grants amounting to 3.4 million euros (1.7). The rest consists of several items, none of which are individually significant.

8. MATERIAL AND SERVICES

EUR mill.	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Materials and services		
Materials and supplies for aircraft maintenance	42.0	39.7
Ground handling and catering charges	130.2	146.6
Fuels for flight operations	450.3	557.6
Expenses for tour operations	131.1	138.9
Aircraft maintenance and service	71.3	56.4
Data administration services	43.8	49.5
Other items [1]	52.8	55.8
Total	**921.5**	**1,044.5**

Other operating expenses do not include research and development expenses.

[1] Consists of several items, none of which are individually significant.

9. EMPLOYEE BENEFIT EXPENSE

EUR mill.	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Employee benefit expense		
Wages and salaries	393.5	427.7
Pension expenses	76.9	80.5
Other social expenses	17.5	32.8
Total	**487.9**	**541.0**

Personnel expenses included recognition of a non-recurring personnel restructuring provision of 3.3 million euros as agreed in the Group's statutory employer-employee negotiations during 2009 (2.4).

Salaries and bonuses of Chief Executive Officer and Members of the Board of Directors				
EUR	Total	Fixed salary	Other bonuses	Share-based bonuses
Chief Executive Officer				
Jukka Hienonen	549,106	483,691	65,415	0
Deputy Chief Executive Officer				
Lasse Heinonen	284,315	252,728	31,557	0
Members of the Board of Directors				
Christoffer Taxell	72,000	72,000		
Kari Jordan	43,200	43,200		
Elina Björklund starting from 26 March 2009	27,032	27,032		
Sigurdur Helgason	44,400	44,400		
Satu Huber	38,400	38,400		
Markku Hyvärinen until 26 March 2009	10,500	10,500		
Ursula Ranin	40,800	40,800		
Veli Sundbäck	39,135	39,135		
Pekka Timonen	40,800	40,800		

Further information on the share-based bonuses of the Group management can be found in Note 26 and the principles of the other bonuses in the corporate governance.

Personnel incentive scheme

The Group operates an incentive scheme based on a balanced scorecard, defined separately for each business unit, which covers most of the Finnair Group's employees. The total amount of bonuses in 2009 was 5.1 EUR million (11.2).

Transfer to Personnel Fund

The Finnair Group has a profit bonus scheme, which allows employees to participate in a profit bonus payable on the basis of the Group's result and return on capital employed. A profit bonus is paid into a Personnel Fund, which is obliged to invest part of the bonus in Finnair Plc's shares. Other staff costs include 0.0 million euros of profit bonus (0.0).

EUR mill.	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Social expenses		
Pension expenses - defined-contribution schemes	70.5	74.7
Pension expenses - defined-benefit schemes, voluntary	6.4	5.3
Other defined-benefit expenses	0.0	0.5
Other social expenses	17.5	32.8
Total	**94.4**	**113.3**

Management pension benefits

The pension schemes of the parent company's President & CEO and members of the Board of Management as well as those of the managing directors of subsidiaries are individual schemes, and the retirement age under these agreements varies from 60 to 65 years. All of the management pension schemes are defined-contribution schemes.

10. DEPRECIATION AND IMPAIRMENT

EUR mill.	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Depreciation of tangible fixed assets		
Buildings	3.4	5.3
Aircraft	109.8	84.1
Other equipment	8.4	10.5
	121.6	99.9
Depreciation of intangible assets		
Other intangible assets	10.2	10.3
Impairment		
Goodwill	1.0	0.0
Total	**132.8**	**110.2**

11. OTHER OPERATING EXPENSES

EUR mill.	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Other operating expenses		
Lease payments for aircraft	74.4	82.6
Rental of cargo capacity	2.9	8.4
Other rental of flight capacity	42.9	29.5
Office and other rents	35.6	31.4
Traffic charges	171.1	188.5
Sales and marketing expenses	77.2	102.9
IT expenses and booking fees	29.2	33.0
Other items[1)]	38.7	170.4
Total	**472.0**	**646.7**

[1)] Consists of several items, none of which are individually significant.

The auditor's fees are included in the other items as follows:

EUR mill.	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Auditor's fees		
PricewaterhouseCoopers Oy		
Auditor's fees	0.2	0.2
Tax advising	0.2	0.1
Other fees	0.0	0.0
Total	0.4	0.3
Others	0.2	0.1

12. FINANCIAL INCOME

EUR mill.	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Interest income		
Interest income from financial assets classified as held for trading	8.6	18.9
Other interest income	0.0	0.0
	8.6	**18.9**
Dividend income	0.1	0.0
Other financial income	0.0	0.3
Exchange gains	0.2	2.9
Total	**8.9**	**22.1**

13. FINANCIAL EXPENSES

EUR mill.	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Interest expenses		
Interest expenses on financial liabilities recognised at fair value through profit and loss	0.7	1.4
Interest expenses for financial liabilities valued at amortised acquisition cost	11.7	12.4
Interest on finance leases	2.6	2.9
	15.0	**16.7**
Exchange losses	2.0	0.0
Other financial expenses	1.7	10.0
Total	**18.7**	**26.7**

Efficiency testing of the Group's hedge accounting found that both cash flow and fair value hedging are efficient. Thus, as in the comparison year 2008, no inefficiency is included in financial items for 2009. Financial income includes an identical amount of profits and losses for fair value hedging instruments and for hedging items resulting from the hedged risk.

14. INCOME TAXES

Taxes for financial year		
EUR mill.	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Tax based on taxable income of financial year	0.0	1.5
Tax based on taxable income of previous financial years	4.0	-1.1
Deferred taxes	-35.8	-16.5
Total	**-31.8**	**-16.1**

The tax expense included in the consolidated income statement differs in the following way from the theoretical sum obtained by using the tax rate (26%) of the Group's home country, Finland:		
EUR mill.	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Profit before taxes	-133.7	-62.2
Taxes calculated using the Finnish tax rate	34.8	16.2
Different tax rates of foreign subsidiaries	0.1	0.0
Share of result in associates	0.0	0.1
Tax-free income	-0.7	-0.1
Nondeductible expenses	-0.2	-0.4
Other temporary differences adjustement	-2.2	0.0
Deferred taxes from loss	0.0	0.3
Income taxes, total	**31.8**	**16.1**
Effective tax rate	23.8%	25.8%

15. EARNINGS PER SHARE

The undiluted earnings per share figure is calculated by dividing the profit for the financial year attributable to the parent company's shareholders by the weighted average number of shares outstanding during the financial year. When calculating the earnings per share adjusted by dilution, the weighted average of the number of shares takes into account the diluting effect resulting from changing into shares all potentially diluting shares. The fair value of the share is based on the weighted average price of the shares in trading.

		1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Result for the financial year	EUR mill.	-102.0	-46.3
Interest of Hybrid Bond		-1.9	0.0
Weighted average number of shares	1,000 pcs	128,136	127,970
Undiluted and diluted earnings per share	EUR	-0.81	-0.36

Dividend

The dividend has not been paid in 2009 and in 2008 has been paid 31.9 million euros (0.25 euros per share). The Board of Directors proposes to the Annual General Meeting that no dividend from fiscal year 2009 will be paid.

16. INTANGIBLE ASSETS

Financial statement 31 Dec 2008				
EUR mill.	Connections fees	Systems	Goodwill	Total
Acquisition cost				
Acquisition cost 1 Jan 2008	2.1	105.5	0.8	108.4
Additions	0.1	12.6		12.7
Subsidiary acquisitions			2.9	2.9
Disposals	-0.2	-4.1	0.0	-4.3
Transfers between items		0.0	0.0	0.0
Acquisition cost 31 Dec 2008	2.0	114.0	3.7	119.7
Accumulated depreciation and impairment				
Accumulated depreciation and impairment 1 Jan 2008	0.0	-61.8	0.0	-61.8
Depreciation		-10.3	0.0	-10.3
Accumulated planned depreciation of disposals		0.5	0.0	0.5
Accumulated depreciation and impairment 31 Dec 2008	0.0	-71.6	0.0	-71.6
Book value 31 Dec 2008	**2.0**	**42.4**	**3.7**	**48.1**
Book value 1 Jan 2008	2.1	43.7	0.8	46.6

Financial statement 31 Dec 2009				
EUR mill.	Connections fees	Systems	Goodwill	Total
Acquisition cost				
Acquisition cost 1 Jan 2009	2.0	114.0	3.7	119.7
Additions	0.0	13.6		13.6
Subsidiary acquisitions			0.0	0.0
Disposals	-0.1	-4.3	0.0	-4.4
Transfers between items		0.0	0.0	0.0
Acquisition cost 31 Dec 2009	1.9	123.3	3.7	128.9
Accumulated depreciation and impairment				
Accumulated depreciation and impairment 1 Jan 2009	0.0	-71.6	0.0	-71.6
Depreciation		-10.2	-1.0	-11.2
Accumulated planned depreciation of disposals		0.0		0.0
Accumulated depreciation and impairment 31 Dec 2009	0.0	-81.8	-1.0	-82.8
Book value 31 Dec 2009	**1.9**	**41.5**	**2.7**	**46.1**
Book value 1 Jan 2009	2.0	42.4	3.7	48.1

In connection of selling Flynordic 2007 was allocated goodwill of 0.5 million euros to airline business. When the Group acquired more of the company Ou Horizon Travel, goodwill amounting to 0.4 million euros was recognised for the acquisition. The total goodwill of Ou Horizon Travel is 0.7 million euros. When the Group acquired the shares of Calypso company, goodwill amounting 2.5 million euros was recognised for the acquisition. After impairment testing it was found that 1.0 million euro of impairment lossess of Calypso goodwill has been recognised. In impairment testing, the recoverable amount has been determined based on value in use. Cash flow forecasts are based on management-approved budgets and forecasts, which cover a five-year period. The discount rate used is 20.0% (Group WACC 8.25%). The main assumption in budgets and forecasts is 2% growth in revenue and expenses.

Based on low value of goodwill, the impact of changes on variables in value determination for impartment are not essential.

17. TANGIBLE FIXED ASSETS

Financial statement 31 Dec 2008						
EUR mill.	Land	Buildings	Aircraft	Other equipment	Advances	Total
Acquisition cost						
Acquisition cost 1 Jan 2008	1.7	184.1	1,495.6	241.9	108.7	2,032.0
Additions	0.0	31.6	199.1	26.6	2.9	260.2
Disposals	0.0	-6.8	-156.5	-0.9	-7.5	-171.7
Transfers between items			0.0	0.0		0.0
Transfer to a held-for-sale asset item			-93.4			-93.4
Acquisition cost 31 Dec 2008	1.7	208.9	1,444.8	267.6	104.1	2,027.1
Accumulated depreciation and impairment						
Accumulated depreciation and impairment 1 Jan 2008	0.0	-111.2	-544.8	-207.1	0.0	-863.1
Depreciation		-5.3	-84.1	-10.5		-99.9
Accumulated depreciation for a held-for-sale asset item			74.0			74.0
Accumulated planned depreciation of disposals		6.8	126.8	0.4		134.0
Accumulated depreciation and impairment 31 Dec 2008	0.0	-109.7	-428.1	-217.2	0.0	-755.0
Book value 31 Dec 2008	**1.7**	**99.2**	**1,016.7**	**50.4**	**104.1**	**1,272.1**
Book value 1 Jan 2008	1.7	72.9	950.8	34.8	108.7	1,168.9

Financial statement 31 Dec 2009						
EUR mill.	Land	Buildings	Aircraft	Other equipment	Advances	Total
Acquisition cost						
Acquisition cost 1 Jan 2009	1.7	208.9	1,444.8	267.6	104.1	2,027.1
Additions	0.0	0.2	325.6	72.5	0.6	398.9
Disposals	-1.0	-52.9	-14.1	-1.0	-23.0	-92.0
Transfers between items			0.0	0.0		0.0
Transfer to a held-for-sale asset item			0.0			0.0
Acquisition cost 31 Dec 2009	0.7	156.2	1,756.3	339.1	81.7	2,334.0
Accumulated depreciation and impairment						
Accumulated depreciation and impairment 1 Jan 2009	0.0	-109.7	-428.1	-217.2	0.0	-755.0
Depreciation		-3.4	-109.8	-8.4		-121.6
Accumulated depreciation for a held-for-sale asset item			0.0			0.0
Accumulated planned depreciation of disposals		9.1	1.9	0.6		11.6
Accumulated depreciation and impairment 31 Dec 2009	0.0	-104.0	-536.0	-225.0	0.0	-865.0
Book value 31 Dec 2009	**0.7**	**52.2**	**1,220.3**	**114.1**	**81.7**	**1,469.0**
Book value 1 Jan 2009	1.7	99.2	1,016.7	50.4	104.1	1,272.1

As surety for liabilities in 2009 is the carrying amount of aircraft pledged, namely 704.6 million euros (243.8).
Other equipment includes office equipment, furnishings, cars and transportation vehicles used at airports.

Impairment test

The impairment test of the aircrafts based on the fair value and value-in-use has been done on the closing date. The test based on value-in-use did not cause any need for impairment.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering an eight-year period. The expenses are expected to grow of 2 per cent inflation rate and revenues are expected to grow of 3 per cent yearly. As the residual value will be used either the estimated value of aircrafts in 2020 or earlier year if the aircraft type is expected to be divested. The fair values of aircrafts are based on bulletins of two independent aircraft valuators.

The key assumptions used for value-in-use calculations are as follows:
WACC 8.25%
EUR USD 1.44 exchange rate

	2010	2011	2012	2013	2014	2015	2016	2017
Fuel, USD/ton	763	819	819	819	819	819	819	819
Yield (c/RPK) change, %								
Asia	3.7	5.2	3.7	1.8	1.0	0.0	0.0	0.0
Europe	-6.2	3.0	2.5	2.0	-1.0	-2.0	-2.0	-2.0
Load factor %								
Asia	78.7	81.0	81.0	82.0	82.0	82.0	82.0	82.0
Europe	68.6	71.0	72.0	72.5	73.0	73.5	73.5	73.5

The value-in-use calculation of aircraft is sensitive to USD exchange rate, the USD strenghtening of 10% will decrease the recoverable amount so that the impairment should be made. However USD strenghtening of 10% will increase the fair value of aircrafts, determined by the aircraft valuators, above the bookkeeping euro value of aircrafts.

The value-in-use calculation is sensitive to all material key assumptions.

Finance lease arrangements
Tangible fixed assets include assets acquired under finance leases:

Financial statement 31 Dec 2008

EUR mill.	Buildings	Machinery and vehicles	Total
Acquisition cost 31 Dec 2008	24.0	30.2	54.2
Accumulated depreciation	-5.7	-11.4	-17.1
Book value	**18.3**	**18.8**	**37.1**

EUR mill.	2009	2010–2013	2014–
Lease payments	7.4	25.4	31.2
Discounting	2.7	9.9	10.4
Net present value	4.7	15.5	20.8

Financial statement 31 Dec 2009

EUR mill.	Buildings	Machinery and vehicles	Total
Acquisition cost 1 Jan 2009	24.0	30.2	54.2
Additions	0.0	64.2	64.2
Acquisition cost 31 Dec 2009	24.0	94.4	118.4
Accumulated depreciation and impairment 1 Jan 2009	-5.7	-11.4	-17.1
Depreciation	-1.5	-2.7	-4.2
Accumulated depreciation and impairment 31 Dec 2009	-7.2	-14.1	-21.3
Book value	**16.8**	**80.3**	**97.1**

EUR mill.	2010	2011–2014	2015–
Lease payments	11.2	46.1	71.1
Discounting	2.3	11.2	21.3
Net present value	8.9	34.9	49.8

Buildings in finance leasing arrangements are depreciated to plan 6-21 years and other equipment is depreciated according to plan 5–12 years. In the financial year and in the comparison period no variable rents from finance leases have been recognised.

18. HOLDINGS IN ASSOCIATED UNDERTAKINGS

The Group's share of the result, asset items and liabilities of associated companies, none of which are publicly listed, is presented below:

EUR mill.	31 Dec 2009	31 Dec 2008
At the beginning of the financial year	6.2	6.2
Shares of results	0.0	0.0
Additions	2.4	0.0
Disposals	-0.3	0.0
At the end of the financial year	**8.3**	**6.2**

Information on the Group's associated undertakings

Financial statement 31 Dec 2008

	Domicile	Assets	Liabilities	Turnover	Profit/Loss	Holding, %
Suomen Jakelutiet Oy	Finland	0.8	0.1	0.3	0.1	47.50
Toivelomat Oy	Finland	0.3	0.1	0.3	0.0	48.30
Amadeus Estonia	Estonia	0.7	0.1	0.8	0.1	33.25
Finnish Aircraft Maintenance Oy	Finland	6.2	2.6	3.6	0.4	50.00
Kiinteistö Oy Lentäjäntie 1	Finland	32.2	24.3	1.4	0.0	28.33
Kiinteistö Oy Lentäjäntie 3	Finland	10.9	9.0	0.6	0.0	39.12
Total		**51.1**	**36.2**	**7.0**	**0.6**	

Financial statement 31 Dec 2009

	Domicile	Assets	Liabilities	Turnover	Profit/Loss	Holding, %
Amadeus Estonia	Estonia	0.7	0.2	0.6	0.2	33.25
Finnish Aircraft Maintenance Oy	Finland	9.4	8.0	12.4	0.1	46.30
Kiinteistö Oy Lentäjäntie 1	Finland	31.2	23.0	1.4	0.0	28.33
Kiinteistö Oy Lentäjäntie 3	Finland	10.6	8.8	0.5	0.0	39.12
Total		**51.9**	**40.0**	**14.9**	**0.3**	

The carrying amount of associated companies on 31 December 2009 and 31 December 2008 does not include goodwill.

Amadeus Finland's holding in Amadeus Estonia ensures the provision of consistent products and services to Finnish companies operating in Estonia as well as in Finland and helps increase cooperation between Estonia travel agencies and Finnish travel service providers. Finnair Plc and Finncomm Airlines have established a company 2008, Finnish Aircraft Maintenance Oy, which will specialize in regional class aircraft maintenance services. Toivelomat Oy has been as a subsidary company of Aurinkomatkat from the beginning of April 2009. Suomen Jakelutiet, the associated company of Amadeus Finland, has finished its operations in year 2009.

19. RECEIVABLES, LONG-TERM

EUR mill.	31 Dec 2009	31 Dec 2008
Loan receivables	0.2	0.2
Other receivables	20.3	21.3
Total	**20.5**	**21.5**

Financial statement 31 Dec 2008			
EUR mill.	Loan receivables	Other receivables	Total
At the beginning of financial year	0.2	13.6	13.8
Additions	0.0	7.7	7.7
Disposals	0.0	0.0	0.0
At the end of financial year	**0.2**	**21.3**	**21.5**

Financial statement 31 Dec 2009			
EUR mill.	Loan receivables	Other receivables	Total
At the beginning of financial year	0.2	21.3	21.5
Additions	0.0	0.0	0.0
Disposals	0.0	-1.0	-1.0
At the end of financial year	**0.2**	**20.3**	**20.5**

Other receivables are lease collaterals for aircraft operational lease agreements.

Balance sheet values correspond best to the sum which is the maximum amount of credit risk, excluding the fair value of guarantees, in the event that other contractual parties are not able to fulfil their obligations relating to financial instruments. There are no significant concentrations of credit risk relating to receivables. The fair values of receivables are presented in Note 32.

20. DEFERRED TAX ASSETS AND LIABILITIES

Changes in deferred taxes during 2008:				
EUR mill.	1 Jan 2008	Recognised in the income statement	Recognised in shareholders' equity	31 Dec 2008
Deferred tax assets				
Employee benefits	4.1	-2.5	0.0	1.6
Confirmed losses	0.0	3.7	0.0	3.7
Depreciation of tangible fixed assets	0.5	-0.5	0.0	0.0
Finance leasing	1.1	1.0	0.0	2.1
Revenue recognition	0.3	-0.1	0.0	0.2
Capitalisation of overhead expenses	0.4	-0.3	0.0	0.1
Heavy maintenance allocations	2.6	0.0	0.0	2.6
Share issue	1.1	-1.1	0.0	0.0
Other temporary differences	0.3	0.4	0.0	0.7
Finnair Plus	6.3	1.6	0.0	7.9
Valuation of derivates at fair value	0.0	0.0	38.8	38.8
Total	**16.7**	**2.2**	**38.8**	**57.7**
Deferred tax assets that can be used after more than 12 months	14.6			13.6
Deferred tax liabilities				
Accumulated depreciation difference	41.3	-18.1	0.0	23.2
Gains from sale of tangible fixed assets	92.5	3.8	0.0	96.3
Capitalisation of overhead expenses	0.1	-0.1	0.0	0.0
Recognition at fair value	0.0	0.0	0.0	0.0
Other temporary differences	1.1	0.0	0.0	1.1
Valuation of derivates at fair value	9.5	0.0	-9.5	0.0
Total	**144.5**	**-14.4**	**-9.5**	**120.6**
Deferred tax liabilities payable after more than 12 months	133.8			119.5

No deferred tax liability is recognised for undistributed profits of Finnish subsidiaries and associated companies, because in most cases these profits will be transferred to the company without tax consequences.

Changes in deferred taxes during 2009:				
EUR mill.	1 Jan 2009	Recognised in the income statement	Recognised in shareholders' equity	31 Dec 2009
Deferred tax assets				
Employee benefits	1.6	-1.6	0.0	0.0
Confirmed losses	3.7	16.7	0.0	20.4
Finance leasing	2.1	-0.9	0.0	1.2
Revenue recognition	0.2	0.0	0.0	0.2
Capitalisation of overhead expenses	0.1	0.0	0.0	0.1
Heavy maintenance allocations	2.6	-0.5	0.0	2.1
Other temporary differences	0.7	2.2	0.0	2.9
Finnair Plus	7.9	-1.6	0.0	6.3
Valuation of derivates at fair value	38.8	0.0	-30.0	8.8
Total	**57.7**	**14.3**	**-30.0**	**42.0**
Deferred tax assets that can be used after more than 12 months	13.6			11.2
Deferred tax liabilities				
Accumulated depreciation difference	23.2	-20.8	0.0	2.4
Gains from sale of tangible fixed assets	96.3	-0.8	0.0	95.5
Employee benefits	0.0	1.2	0.0	1.2
Other temporary differences	1.1	-1.1	0.0	0.0
Total	**120.6**	**-21.5**	**0.0**	**99.1**
Deferred tax liabilities payable after more than 12 months	119.5			97.9

No deferred tax liability is recognised for undistributed profits of Finnish subsidiaries and associated companies, because in most cases these profits will be transferred to the company without tax consequences.

If the foreign subsidiaries would pay out all retaining earnings as dividend to the parent company it would cause a 0.3 EUR million tax effect (0.7).

The utilization of the deferred tax asset is based on the budgeted future taxable profits during the next three years.

21. INVENTORIES

EUR mill.	31 Dec 2009	31 Dec 2008
Materials and supplies	28.6	33.6
Work in progress	8.2	1.5
Total	**36.8**	**35.1**

In the financial period 0.1 million euros have been recognized based on the difference between a carrying value and net realisable value (0.2). This has been booked in materials and supplies for aircraft maintenance, Note 8.

The carrying amount of inventories recognised at fair value is 4.6 EUR million (5.6). Inventories have not been pledged for Group liabilities.

22. TRADE RECEIVABLES AND OTHER RECEIVABLES

EUR mill.	31 Dec 2009	31 Dec 2008
Trade receivables	85.7	89.6
Receivables from associated undertakings	0.3	1.7
Prepaid expenses and accrued income	54.3	42.7
Receivables based on derivative contracts	38.7	57.9
Other receivables	18.5	39.9
Total	**197.5**	**231.8**

Age distribution of trade receivables	31 Dec 2009	31 Dec 2008
Not overdue	77.6	83.9
Overdue less than 60 days	5.6	5.5
Overdue more than 60 days	2.5	0.2
Total	**85.7**	**89.6**

Debt losses from trade receivables
The Group has recognised during the financial year credit losses from trade receivables of 1.0 million euros (1.9).

The receivables not overdue and overdue do not consist any big credit risk, because of good distribution of customer basis.

23. OTHER FINANCIAL ASSETS, SHORT-TERM

EUR mill.	31 Dec 2009	31 Dec 2008
Deposits, commercial papers and certificates of deposit, and government bonds	572.4	364.7
Listed shares	22.9	6.2
Unlisted shares	2.9	2.9
Total	**598.2**	**373.8**

Ratings of counterparties

EUR mill.	31 Dec 2009	31 Dec 2008
Better than A	302.7	219.4
A	151.4	4.9
BBB	24.9	4.9
BB	5.0	-
Unrated	114.2	144.6
Total	**598.2**	**373.8**

Listed foreign shares are valued to closing quotation and mid-market exchange rates on the closing date.

In Note 31 is told about investing of Groups' short term assets and about group risk management policy.

IFRS classification and fair values of financial assets are presented in Note 32.

24. CASH AND CASH EQUIVALENTS

EUR mill.	31 Dec 2009	31 Dec 2008
Cash and bank deposits	**9.2**	**18.3**

Items include cash and bank deposits realized on demand. Foreign currency cash and bank deposits have been valued at mid-market exchange rates on the closing date.

25. EQUITY-RELATED INFORMATION

	Number of registered shares	Share capital, EUR	Share premium account, EUR	Unrestricted equity, EUR	Hybrid bond, EUR
1 Jan 2008	128,136,115	75,442,904.30	20,407,351.01	244,880,581.34	0.00
Share-based bonus schemes expenses				2,267,230.49	0.00
31 Dec 2008	128,136,115	75,442,904.30	20,407,351.01	247,147,811.83	0.00
Hybrid bond					119,385,964.10
31 Dec 2009	**128,136,115**	**75,442,904.30**	**20,407,351**	**247,147,811.83**	**119,385,964.10**

	Number of own shares	Price, EUR	Average price, EUR
1 Jan 2008	387,429	3,064,616.42	7.91
Acquisition of own shares	0	0.00	0.00
Disposal of own shares	0	0.00	0.00
31 Dec 2008	387,429	3,064,616.42	7.91
Acquisition of own shares	0	0.00	0.00
Disposal of own shares	0	0.00	0.00
Shares returned to company	0	0.00	0.00
31 Dec 2009	**387,429**	**3,064,616.42**	**7.91**

All issued shares are fully paid.

Obligation to redeem clause
The Articles of Association have no obligation to redeem clause.

RESERVES INCLUDED IN SHAREHOLDERS' EQUITY
Share premium account
Share issue gains arising during 1997–2006 have been recognised in the share premium account, less transaction expenses and the profit for the disposal of own shares less taxes.

General reserve
Gains from share issues arising before Companies Act of 1997 have been recognised in the general reserve.

Translation difference
The translation differences include translation differences arising from the translation of foreign units' financial statements.

Unrestricted equity
Share issue November 29–December 17, 2007 gains less transaction expenses have been recognised in the unrestricted equity and expenses of share bonus scheme.

Fair value reserve
Fair value reserve includes the fair value of derivative instruments used in cash flow hedging and changes in fair values of available for sale financial assets, less deferred tax.

Fair value reserve		
EUR mill.	31 Dec 2009	31 Dec 2008
Jet fuel price hedging	-34.7	-153.1
Jet fuel currency hedging	-3.0	14.0
Hedging of lease payments	-0.6	2.2
Hedging of firm aircraft purchase orders	0.0	-0.9
Loans hedging	0.0	0.3
Available for sale financial assets	4.3	-11.8
Deferred tax asset (liability)	8.8	38.8
Total	**-25.2**	**-110.5**

Maturity dates of fair values recognised in the hedging reserve							
EUR mill.	2010	2011	2012	2013	2014	Later	Total
Jet fuel price hedging	-36.9	1.3	0.9				-34.7
Jet fuel currency hedging	-1.8	-1.5	0.3				-3.0
Hedging of lease payments	-0.7	0.1					-0.6
Hedging of firm aircraft purchase orders	0.0						0.0
Loans hedging	0.0						0.0
Available for sale financial assets	4.3					0.0	4.3
Deferred tax asset (liability)	9.1	0.0	-0.3	0.0	0.0	0.0	8.8
Total	**-26.0**	**-0.1**	**0.9**	**0.0**	**0.0**	**0.0**	**-25.2**

Derivatives in income statement

During 2009, 74.0 million euros (-51.7) has been recognised from the fair value reserve as an increase in expenses in the income statement. Of this, 76.9 million euros (-55.4) is an adjustment of fuel expenses and -2.9 million euros (3.7) an adjustment of aircraft lease expenses. In addition, 0.2 million euros (3.4) has been recognised from the hedging reserve as an increase in fleet acquisition expenditure in the balance sheet for financial year 2009.

In accordance with its financial policy, Finnair hedges its fuel purchases more than it can recognise in the fair value reserve according to the interpretation of the IAS 39 standard. For this hedging outside IAS 39 hedge accounting, 56.8 million euros (-10.3) was realised and recognised as an adjustment to fuel expenses and -6.3 million euros (-11.0) in other operating expenses in the income statement during 2009.

Sensitivity analysis of fair value reserve

If the price of Jet fuel CIF NWE had been 10 per cent higher, the balance of the reserve would have been 28 million euros (24) higher. Correspondingly, a 10 per cent weaker Jet fuel CIF NWE price would have reduced the reserve by 28 million euros (24). In terms of the US dollar, a 10 per cent weaker level would have lowered the balance of the fair value reserve by 32.5 million euros (43.1) and a 10 per cent stronger dollar would have had a positive impact of 32.5 million euros (43.1). The effect of change in interests to fair value reserve in own equity is not essential. The enclosed sensitivity figures do not take into account any change in deferred tax liability (tax assets).

Own shares

The acquisition cost of own shares held by the Group is included in own shares. For further information on the share bonus scheme see Note 26. Total amount of the acquisition cost of own shares held by the Group is 3.1 million euros (3.1).

Hybrid bond

Shareholders' equity (after equity belonging to shareholders) includes a 120 million euro hybrid bond issued in 2009. The bond coupon is 9 per cent per year. The bond has no maturity date, but the company has the right to redeem it 4 years after the date of issue. The hybrid bond is unsecured and in a weaker preference position than promissory notes. A holder of hybrid bond notes has no shareholder rights.

Finnair Plc's distributable equity	
EUR mill.	31 Dec 2009
Retained earnings at the end of the financial year	186.0
Unrestricted equity	250.3
Result for the financial year	-43.3
Distributable equity total	**393.0**

26. SHARE-BASED PAYMENTS

The Group has share-based incentive scheme for personnel.

FINNAIR PLC'S SHARE-BASED INCENTIVE SCHEME 2007–2009

The Board of Directors of Finnair Plc approved a new share bonus scheme 2007–2009 on 22 March, 2007. In the share bonus scheme, key individuals have the possibility of receiving shares as bonus for a three-year performance period according to how targets set for the performance period have been achieved. In addition, the proportion payable as cash is 1.5 times the value of the shares.

The Board of Directors decides annually the targets to be set for each performance period. The targets are determined on the basis of the Finnair Group's financial development. Achieving the targets set for the performance period determines how large a proportion of the maximum bonus will be paid. In a three-year period, the total of the three years' share bonuses, however, can be at most a sum corresponding to three years' gross earnings.

For the 2007 performance period, share bonus criterias were: Finnair Group earnings per share (EPS) 0.70–1.20 euros and the return on capital employed (ROCE) 8% –14%. Between these values the bonus is determined linearily. The actual outcome of the share-based incentive scheme was 94.4% in 2007 and total of 364,912 shares were given and the value of the shares and payables as cash were total 5.7 million euros. For the 2008 performance period, share bonus criterias were: EPS 0.50–1.10 euros and ROCE 8–14%. The Board of Directors allocated total of 395, 977 shares to key personnel in 2008. While the criterias were not fulfilled no sharebased payments were paid for 2008. For the 2009 performance period, share bonus criterias were: EPS 0–0.50 euros and ROCE 4–10%. The Board of Directors allocated total of 531,569 shares to key personnel in 2009. While the criterias are not fulfilled, no share-based payments were booked for 2009.

Share-based allocations, number of shares	
For performance period	2009
Chief Executive Officer	40,603
Deputy Chief Executive Officer	23,202
Other members of Group Management (7)	98,606
Members of the Board of Directors	0
Other key personnel	369,158
Total shares allocated	**531,569**

For 2009 no share bonuses will be paid, as the criterias were not fulfilled.

Share-based bonuses paid for, number of shares			
For performance period	2009	2008	2007
Chief Executive Officer	0	0	27,308
Deputy Chief Executive Officer	0	0	15,604
Other members of Group Management (9)	0	0	86,472
Members of the Board of Directors	0	0	0
Other key personnel	0	0	235,528
Total shares paid	**0**	**0**	**364,912**

27. PENSION LIABILITIES

Pension schemes are classified as defined-benefit and defined-contribution schemes. Payments made into defined-contribution pension schemes are recognised in the income statement in the period to which the payment applies. In defined-benefit pension schemes, obligations are calculated using the projected unit credit method. Pension expenses are recognised as an expense over the employees' period of service based on calculations made by authorised actuaries. Actuarial gains and losses, in terms of the portion exceeding a certain limit, are recognised over the employees' average term of service. When calculating the present value of pension obligations the interest rate on government securities is used as the discount rate. The terms to maturity of government securities approximate substantially to the terms to maturity of the related pension liabilities.

The Group's foreign sales offices and subsidiaries have various pension schemes that comply with the local rules and practices of the countries in question. All of the most significant pension schemes are defined-contribution schemes. The statutory pension cover of the employees of the Group's Finnish companies has been arranged in a Finnish pension insurance company. The pension cover is a defined-contribution scheme. The pension schemes of the parent company's President & CEO and members of the Board of Management as well as those of the managing directors of subsidiaries are individual schemes, and the retirement age under these agreements varies from 60 to 65 years. These pension schemes are also defined-contribution schemes. Other (voluntary) pension cover of the Group's domestic companies has been arranged as a rule in Finnair Plc's Pension Fund, in which the pension schemes are defined-benefit schemes. These schemes determine pension cover benefits, disability compensation, post-employment health-care and life insurance benefits as well as employment severance benefits. All of the Group's post-retirement benefits are defined-contribution benefits.

Defined-benefit pension schemes

Items recognised in the income statement

EUR mill.	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Current service costs for financial year	8.5	9.2
Interest costs	16.4	18.3
Expected return on plan assets gain	-20.2	-21.3
Past service cost-vested benefits	1.7	-0.9
Total, included in personnel expenses	**6.4**	**5.3**

The actual return of plan assets was 50.3 EUR million in year 2009 (-44.7).

Items recognised in the balance sheet

EUR mill.	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Present value of funded obligations	311.6	324.2
Fair value of scheme assets	-353.9	-339.7
	-42.3	-15.5
Present value of unfunded obligations	0.0	0.0
Unrecognised net actuarial gains (+) / losses (-)	37.8	21.6
Unrecognised costs based on past service	0.0	0.0
Net liability	**-4.5**	**6.1**
Presented provisions	0.0	0.0
Net liability presented in balance sheet	**-4.5**	**6.1**

The balance sheet pension receivables for 2009 of 4.5 million euros and pension liabilities for 2008 6.1 million euros does not include within it any items outside the Pension Fund.

Pension scheme assets include Finnair Plc shares with a fair value of 0.5 million euros (0.7) and a buildings used by the Group with a fair value of 37.8 million euros (36.9).

Changes in plan assests		
EUR mill.	31 Dec 2009	31 Dec 2008
Fair value of plan assets at 1 January	339.7	389.5
Expected return on plan assets	20.2	21.3
Acturial gain (loss) on plan assets	-2.4	-66.0
Contributions	17.0	15.0
Benefits paid	-20.6	-20.1
Fair value of plan assets at 31 December	**353.9**	**339.7**

Plan assets are comprised as follows		
%	31 Dec 2009	31 Dec 2008
Listed shares	19.0	15.0
Debt instruments	56.0	53.0
Property	18.0	20.0
Other	7.0	12.0
	100.0	**100.0**

Net liability reconciliation statement		
EUR mill.	31 Dec 2009	31 Dec 2008
At the beginning of the financial year	6.1	15.8
Total expenses, presented above	6.4	5.3
Paid contributions	-17.0	-15.0
At the end of the financial year	**-4.5**	**6.1**

Defined-benefit schemes: principal actuarial assumptions		
	31 Dec 2009	31 Dec 2008
Discount rate, %	5.25	5.25
Expected rate of return on assets, %	5.75	6.00
Annual rate of future salary increases, %	3.5	3.5
Future pension increases, %	2.1	2.1
Estimated remaining years of service	14	14

EUR mill.	31 Dec 2009	31 Dec 2008
Present value of defined benefit obligation	311.6	324.2
Fair value of plan assets	-353.9	-339.7
Surplus (-) / Deficit (+)	-42.3	-15.5
Experience adjustments on plan assets	-2.4	-66.0
Experience adjustments on plan liabilities	-18.6	-36.1

28. PROVISIONS

EUR mill.	Restructuring provision	Maintenance provisions	Total
Provisions at 1 January 2008	0.0	53.6	53.6
Increase	2.4	5.5	7.9
Decrease	0.0	0.0	0.0
Provisions at 31 Dec 2008	**2.4**	**59.1**	**61.5**

EUR mill.	Restructuring provision	Maintenance provisions	Total
Provisions at 1 January 2009	2.4	59.1	61.5
Increase	3.3	12.7	16.0
Decrease	-2.4	-2.1	-4.5
Provisions at 31 Dec 2009	**3.3**	**69.7**	**73.0**

In financial year 2009, the Group has recognised personnel restructuring provision of 3.3 million euros (2.4).

The Group is obliged to surrender leased aircraft at a certain maintenance standard. To fulfil these maintenance obligations the Group has recognised heavy maintenance provisions. The basis for a provision is flight hours flown during the maintenance period.

29. INTEREST-BEARING LIABILITIES

EUR mill.	31 Dec 2009	31 Dec 2008
Interest-bearing liabilities		
Long-term		
Bank loans	-441.0	-140.6
Bonds	-100.0	-77.0
Finance lease liabilities	-85.7	-36.3
Total	**-626.7**	**-253.9**
Non-interest-bearing liabilities		
Long-term		
Pension liabilities	-4.7	-5.0
Other	-6.0	-2.2
Total	**-637.4**	**-261.1**
Interest-bearing liabilities		
Current		
Cheque account facilities	-0.1	-0.6
Bank loans	-62.8	-26.2
Finance lease liabilities	-7.9	-4.7
Commercial paper	-119.2	0.0
Other loans	-11.8	-17.0
Total	**-201.8**	**-48.5**

Maturity dates of interest-bearing financial liabilities 31 Dec 2008

EUR mill.	2009	2010	2011	2012	2013	Later	Total
Bank loans, fixed interest	-21.4	-12.0	-2.5	0.0	0.0	0.0	-35.9
Bank loans, variable interest	-9.8	-11.1	-26.2	-39.7	-27.0	-17.3	-130.9
Bonds, variable interest	0.0	0.0	0.0	-77.0	0.0	0.0	-77.0
Finance lease liabilities	-4.7	-3.6	-3.8	-4.0	-4.1	-20.8	-41.0
Other loans	-17.6	0.0	0.0	0.0	0.0	0.0	-17.6
Interest-bearing liabilities total	**-53.5**	**-26.7**	**-32.5**	**-120.7**	**-31.1**	**-38.1**	**-302.4**
Payments from currency derivatives	-530.2	-282.7	-20.5	-24.7	-13.6	-155.1	-1,026.8
Income from currency derivatives	537.3	294.3	20.9	25.3	14.1	158.1	1,050.0
Commodity derivatives	-142.4	-54.9	-8.5	0.0	0.0	0.0	-205.8
Trade payables and orher liabilities	-1,044.9	0.0	0.0	0.0	0.0	0.0	-1,044.9
Interest payments	-10.6	-8.5	-7.5	-4.4	-1.7	-1.5	-34.2
Total	**-1,244.2**	**-78.5**	**-48.0**	**-124.5**	**-32.3**	**-36.6**	**-1,564.1**

Maturity dates of interest-bearing financial liabilities 31 Dec 2009							
EUR mill.	2010	2011	2012	2013	2014	Later	Total
Bank loans, fixed interest	-131,2	-2.4	0.0	0.0	0.0	0.0	-133.6
Bank loans, variable interest	-50.8	-62.5	-147.6	-53.1	-31.7	-143.7	-489.4
Bonds, variable interest	0.0	0.0	-100.0	0.0	0.0	0.0	-100.0
Finance lease liabilities	-7.9	-7.7	-7.9	-8.2	-7.7	-54.2	-93.6
Other loans	-11.9	0.0	0.0	0.0	0.0	0.0	-11.9
Interest-bearing liabilities total	**-201.8**	**-72.6**	**-255.5**	**-61.3**	**-39.4**	**-197.9**	**-828.5**
Payments from currency derivatives	-775.8	-141.9	-39.2	-13.6	-155.1	0.0	-1,125.6
Income from currency derivatives	786.5	139.1	39.2	13.6	152.7	0.0	1,131.1
Commodity derivatives	-32.0	1.8	0.9	0.0	0.0	0.0	-29.3
Trade payables and orher liabilities	-840.4	0.0	0.0	0.0	0.0	0.0	-840.4
Interest payments	-15.5	-12.7	-9.0	-5.8	-4.7	-9.4	-57.1
Total	**-1,079.0**	**-86.3**	**-263.6**	**-67.1**	**-46.5**	**-207.3**	**-1,749.8**

Bank loans include long-term currency and interest rate swaps that hedge USD-denominated aircraft financing loans. Interest rate re-fixing period in variable interest loans is 3 or 6 months.

The currency mix of interest-bearing long-term liabilities (including cross currency interest rate swaps) is as follows:		
EUR mill.	31 Dec 2009	31 Dec 2008
EUR	726.4	242.2
USD	102.1	60.2
	828.5	**302.4**

Weighted average effective interest rates on interest-bearing long-term liabilities		
	2009	2008
	2.6%	4.7%

Finance lease liabilities		
EUR mill.	31 Dec 2009	31 Dec 2008
Minimum lease payments		
Up to 1 year	11.2	7.4
1–5 years	46.1	25.4
More than 5 years	70.1	31.2
Total	**127.4**	**64.0**
Future financial expenses	4.4	2.9
Present value of minimum lease payment		
Up to 1 year	8.9	4.6
1–5 years	34.9	15.6
More than 5 years	49.8	20.8
Total	**93.6**	**41.0**
Total of financial lease liabilities	**93.6**	**41.0**

30. TRADE PAYABLES AND OTHERS LIABILITIES

EUR mill.	31 Dec 2009	31 Dec 2008
Advances received	44.5	48.9
Trade payables	52.3	82.1
Other accrued liabilities	410.2	456.4
Liabilities based on derivative contracts	62.0	226.7
Other accrued liabilities	13.2	20.0
Total	**582.2**	**834.1**

Significant items in other accrued liabilities		
EUR mill.	31 Dec 2008	31 Dec 2007
Unflown air transport revenues	127.6	172.5
Holiday pay reserve	79.5	89.9
Other	203.1	194.0
Total	**410.2**	**456.4**

Other accrued liabilities consists of several items, none of which are individually significant.

31. MANAGEMENT OF FINANCIAL RISKS

Risk management in Finnair

PRINCIPLES OF FINANCIAL RISK MANAGEMENT

The nature of the Finnair Group's business operations exposes the company to foreign exchange, interest rate, credit and liquidity, and fuel price risks. The Group's policy is to limit the uncertainty caused by such risks on cash flow, financial performance and equity.

The management of financial risks is based on the risk management policy, which specifies the minimum and maximum levels permitted for each type of risk. Financial risk management is directed and supervised by the Financial Risk Steering Group. Practical implementation of financial policy and risk management have been centralised in the parent company's finance department.

In its management of foreign exchange, interest rate and jet fuel positions the company uses different derivative instruments, such as forward contracts, swaps and options. Derivatives are designated at inception as hedges for future cash flows (cash flow hedges), hedges for firm orders (hedges of the fair value of firm commitments) or as financial derivatives not qualifying for hedge accounting (economic hedges). In terms of the hedging of future cash flows (cash flow hedging), the Finnair Group implements, in accordance with IAS 39 hedge accounting principles, hedging of fixed rate foreign exchange loans, foreign exchange hedging of lease payments and aircraft purchases, and hedging of jet fuel price and foreign exchange risks. In addition, hedging of firm commitment is used for aircraft investments.

FUEL PRICE RISK IN FLIGHT OPERATIONS

Fuel price risk means the cash flow and financial performance uncertainty arising from fuel price fluctuations.

Finnair hedges against jet fuel price fluctuations using gasoil and jet fuel forward contracts and options. As the underlying asset of jet fuel derivatives, the Jet Fuel CIF Cargoes NWE index is used, because around 65% of Finnair's fuel purchase contracts are based on the benchmark price index for North and West Europe jet fuel deliveries.

Finnair applies the principle of time-diversification in its fuel hedging. The hedging horizon according to the financial policy is three years. Under the financial policy, hedging must be increased in each quarter of the year so that the hedge ratio for Finnair's Scheduled Passenger Traffic for the first six months is more than 60% and so that thereafter a lower hedge ratio applies for each period. By allocating the hedging, the fuel cost per period is not as low as the spot-based price when prices fall, but when spot prices rise the fuel cost rises more slowly.

In accounting fuel hedges are recognised in Finnair in two different ways. In terms of the fuel consumption of Finnair, the first approximately 40 percentage points per perioid are treated in accounting as cash-flow hedging in accordance with IAS 39 hedge accounting principles. Changes in the fair value of derivatives defined as cash flow hedging in accordance with IAS 39 are posted directly to the fair value reserve included in equity. The change in fair value recognised in the equity hedging reserve is posted to income statement at the perioid time as the hedged transaction. Changes in the fair value of hedges outside hedge accounting – which do not fulfil IAS 39 hedge accounting criteria – are recognised in other operating expenses over the time of the derivative.

At the end of the financial year, Scheduled Passenger Traffic had hedged 73% of its fuel purchases for the first six months of 2010 and 51% for the second half of the year. Leisure Traffic has hedged 60% of its fuel purchases for the remaining winter season and 40% of its purchases for the coming summer season. At the end of the financial year Leisure Traffic has no price clauses with tour operators similar to those agreed in previous years.

In the financial year 2009, fuel used in flight operations accounted for 24,5% compared to the Group's turnover. At the end of the financial year, the forecast for 2010 is somewhat over one fifth. On the closing date, a ten per cent rise in the market price of jet fuel – excluding hedging activity calculated using Scheduled Passenger Traffic's forecasted flights for 2009 – increases annual fuel costs by an estimated 36 EUR million. On the closing date – taking hedging into account – a ten per cent rise in fuel lowers operating profit by around 18 EUR million. Situation as at 31 December represents well the mean of a calendar year.

FOREIGN EXCHANGE RISK

Foreign exchange risk means the cash flow and financial performance uncertainty arising from exchange rate fluctuations. The Finnair Group's foreign exchange risk arises mainly from fuel and aircraft purchases, aircraft leasing payments and foreign currency incomes.

The financial policy divides the foreign exchange position into two parts, a profit and loss position and an investment position. The profit and loss position consists of dollar-denominated fuel purchases and leasing payments, sales revenue in a number of different currencies, and also foreign exchange-denominated money market investments and loans. The investment position includes dollar-denominated aircraft investments.

Finnair applies the principle of time-diversification in its foreign exchange hedging. The hedging horizon according to the financial policy is two years. The hedge ratio of the foreign exchange position is determined as the reduction of the overall risk of the position using the value-at-risk method. Under the financial policy, hedges must be added to the profit and loss position in each half of the year so that the hedge ratio for the first six months is more than 60% and so that thereafter the hedge ratio declines for each period. In addition, Finnair hedges foreign exhange risk exceeding two years as far as hedging the currency risk of fuel is concerned (IAS 39 cash flow hedging).

The investment position includes all foreign exchange-denominated aircraft investments for which a binding procurement contract has been signed. According to the financial policy, at least half of the investments recognised in the balance sheet must be hedged after the signing of a firm order. New hedges in investment position will be made as IAS 39 fair value hedge of a firm commitment.

Around 66% of Group turnover is denominated in euros. The most important other foreign sales currencies are, the Japanese yen, Swedish crown, the Chinese yuan, the British pound and the US dollar.

Approximately one third of the Group's operating costs are denominated in foreign currencies. The most important purchasing currency is the US dollar, which accounts for approximately one fourth of all operating costs. Significant dollar-denominated expense items are aircraft leasing payments and fuel costs. The largest investments, the acquisition of aircraft and their spare parts, also take place mainly in US dollars.

At the end of the financial year, Finnair hedged 73% of its profit and loss items for the first six months of 2009 and 54% for the second half of the year. On the closing date a 10% strengthening of the dollar against the euro – without hedging – has a negative impact on the annual result of around 49 million euros. On the closing date – taking hedging into account – a 10% strengthening of the dollar weakens the result by around 17 million euros. In the above numberss, the dollar risk includes also the Chinese yuan and the Hong Kong dollar, whose historical correlation with the dollar is high. Situation as at 31 December represents well the mean of a calendar year.

INTEREST RATE RISK

Interest rate risk means the cash flow and financial performance uncertainty arising from interest rate fluctuations.

In Finnair Group the interest rate risk is measured using the interest rate re-fixing period. If necessary, interest rate derivatives are used to adjust the interest rate re-fixing period. According to the financial policy, the mandate for the investment portfolio's interest rate re-fixing period is 0–12 months and for interest-bearing liabilities 0–24 months. On the closing date the investment portfolio's interest rate re-fixing period was 5 months and for interest-bearing liabilities 11 months. On the closing date a one percentage point rise in interest rates increases the annual interest income of the investment portfolio about 3,5 million euros and the interest expenses of the loan portfolio about 5,5 million euros. Situation as at 31 December represents well the mean of a calendar year.

CREDIT RISK

The Group is exposed to counterparty risk when investing its cash reserves and in using derivative instruments. The credit risk is managed by making contracts, within the framework of risk management policy of counterparty risk limits, only with financially sound domestic and foreign banks, financial institutions and brokers. Liquid assets are also invested in bonds and commercial papers issued by conservatively selected companies within company-specific limits. This way risk towards single counterparties are not significant. Change in fair value of groups loans rise from changes in FX and interest, not from credit risk. Groups' maximum exposure to credit risk is other financial assets presented at note 23, cash and cash equivalent presented in note 24, and trade receivables presented in note 22.

LIQUIDITY RISK

The goal of the Finnair Group is to maintain good liquidity. Liquidity is ensured by cash reserves, bank account limits, liquid money market investments and committed credit facilities. With respect to aircraft acquisitions, the company's policy is to secure financing, for example through committed loans, at a minimum of 6 months before delivery. Counterparties of groups' long term loans are solid financial institutions with good reputation.

The Group's liquid assets were 607 EUR million at the end of financial year 2009. Finnair Plc has a domestic commercial paper programme of 200 million euros, of which 120,5 million euros was used on the closing date. In addition, Finnair has a 200 million euro committed credit facility, committed unused 50 million euros aircraft financing limit and a 60 million dollar credit facility. The 200 million euro credit facility includes a finance covenant based on adjusted gearing. The covenant level of adjusted gearing is 175%, while at the closing date the figure was 86.9%. The maximum level set by the Board of Directors is 140%.

CAPITAL MANAGEMENT

The aim of the Group's capital management is, with the aid of an optimum capital structure, to support business operations by ensuring normal operating conditions and to increase shareholder value with the best possible return being the goal. An optimum capital structure also ensures lower capital costs. The capital structure is influenced e.g. via dividend distribution and share issues. The Group can vary and adjust the level of dividends paid to shareholders or the amount of capital returned to them or the number of new shares issued, or can decide on sales of asset items in order to reduce debt. It is the aim the Finnair's dividend policy to pay on average at least one third of the earnings per share as dividend during an economic cycle.

The development of the Group's capital structure is monitored continuously using adjusted gearing. When calculating adjusted gearing, interest-bearing net debt is divided by the amount of shareholders' equity. Net debt includes interest-bearing debt less interest-bearing receivables and cash and cash equivalents. The Group's adjusted gearing at the end of 2009 was 86.9% (65.1).

32. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

EUR mill.	Hedge accounting items	Financial assets held for trading	Financial assets at fair value through profit or loss	Available for sale financial assets	Loans and receivables	Valued at allocated acquisition cost	Fair value
31 Dec 2008							
Financial assets							
Receivables					21.5		21.5
Other financial assets		364.7					364.7
Trade receivables and other receivables					173.9		173.9
Listed shares				6.2			6.2
Unlisted shares				2.9			2.9
Derivatives	21.3		36.6				57.9
Cash and cash equivalents			18.3				18.3
Total							**645.4**
Financial liabilities							
Interest bearing liabilities			12.3			235.5	247.2
Finance lease liabilities						41.0	41.0
Derivatives	165.0		75.3				240.3
Trade payables and other liabilities						682.2	682.2
Fair value total							**1,210.7**
Book value total							**1,211.3**
31 Dec 2009							
Financial assets							
Receivables					20.5		20.5
Other financial assets		572.4					572.4
Trade receivables and other receivables					158.8		158.8
Derivatives	18.4		20.3				38.7
Listed shares				22.9			22.9
Unlisted shares				2.9			2.9
Cash and cash equivalents			9.2				9.2
Total							**825.4**
Financial liabilities							
Interest bearing liabilities			7.1			721.2	728.3
Finance lease liabilities						93.6	93.6
Derivatives	60.6		7.8				68.4
Trade payables and other liabilities						604.1	604.1
Fair value total							**1,494.4**
Book value total							**1,494.4**

Calculated tax liabilities are not presented in this note. Group has 99.1 million euros (120.6) of calculated tax liabilities in its balance sheet. In this note interest rate derivatives (currency and interest-rate swaps) are included in derivatives. In other notes they are included in bank loans. The item other financial assets mainly includes USD-denominated security deposits for leased aircraft. Trade payables and other liabilities include: trade payables, deferred expenses, pension obligations as well as other interest-bearing and non-interest-bearing liabilities.

The valuation principles of financial assets and liabilities are outlined in the accounting principles.

Fair value hierarchy of financial assets and liabilities valued at fair value				
Fair values at the end of reporting period				
EUR mill.	31 Dec 2009	Level 1	Level 2	Level 3
Assets valued at fair value				
Financial assets at fair value through profit and loss				
Securities held for trading	572.4	37.3	535.1	-
Derivatives held for trading	-	-	-	-
Interest rate swaps	-	-	-	-
- of which in fair value hedge accounting	-	-	-	-
Currency forwards	19.5	-	19.5	
- of which in cash flow hedge accounting	16.1	-	16.1	-
Commodity derivatives	19.2	-	18.9	0.3
- of which in cash flow hedge accounting	13.4	-	13.4	-
Financial assets available-for-sale	-	-	-	-
Share investments	22.9	22.9	-	-
Total	**634**	**60.2**	**573.5**	**0.3**
Liabilities valued at fair value				
Financial liabilities recognised at fair value through profit and loss				
Derivatives held for trading				
Interest rate swaps	6.6		6.6	
- of which in cash flow hedge accounting	3.8		3.8	
Currency forwards	13.2		13.2	
- of which in cash flow hedge accounting	12.7		12.7	
Commodity derivatives	48.6		48.6	
- of which in cash flow hedge accounting	48.1		48.1	
Total	**68.4**		**68.4**	

During the financial year no significant transfers took place between fair value hierarchy Levels 1 and 2.

The fair values of hierarchy Level 1 are based fully on quoted (unadjusted) prices in active markets of the same assets and liabilities.

The fair values of Level 2 instruments are based to a significant extent on input data other than the quoted prices included in Level 1, but however on data that are observable either directly (price) or indirectly (derived from price) for the said asset or liability.

The fair values of Level 3 instruments on the other hand are based on asset or liability input data that are not based on observable market information (unobservable inputs), rather to a significant extent on confirmations supplied by counterparties based on generally accepted valuation models.

The fair value hierarchy level to which a certain item valued at fair value is classified in its entirety is determined in accordance with the requirements of IFRS 7 based on the lowest level of input significant to the overall fair value of the said item. The significance of the input data has been assessed in its entirety in relation to said item valued at fair value.

Reconciliation of financial assets and liabilities valued at fair value according to Level 3				
Fair value at end of the reporting period				
	Recognised at fair value through profit and loss		Available for sale	
EUR mill.	Securities held for trading	Derivatives held for trading	Share investments	Total
Opening balance	-	26.4	-	26.4
Profits and losses in income statement, total	-	-26.1		-26.1
In comprehensive income	-	-	-	-
Purchases (and sales)	-	-	-	-
Settlements (and issues)	-	-	-	-
Transfers to and from Level 3	-	-	-	-
Closing balance		**0.3**		**0.3**
Total profits and losses recognised for the period for assets held at the end of the reporting period				
In other operating income and expenses		0.3		0.3

During the financial year, no transfers took place to or from fair value hierarchy Level 3 in the fair value levels of financial assets and liabilities. According to management estimates, the changing of input data used in determining the fair value of financial instruments valued at Level 3 to some other possible alternative assumption would not significantly change the fair value of items valued at fair value in Level 3, given the relatively small amount of the said assets and liabilities.

33. SUBSIDIARIES

	Group ownership %
Finnair Cargo Oy, Helsinki	100.00
Finnair Cargo Terminal Operations Oy, Helsinki	100.00
Amadeus Finland Oy, Helsinki	95.00
Matkatoimisto Oy Area, Helsinki	100.00
A/S Estravel Ltd, Estonia	72.02
Oy Aurinkomatkat - Suntours Ltd Ab, Helsinki	100.00
Toivelomat Oy, Helsinki	100.00
OOO Aurinkomatkat, Russia	100.00
Calypso, Russia	80.00
Matkayhtymä Oy, Helsinki	100.00
Horizon Travel, Estonia	95.00
FTS Financial Services Oy, Helsinki	100.00
Finnair Catering Oy, Helsinki	100.00
Finnair Facilities Management Oy, Helsinki	100.00
Finnair Aircraft Finance Oy, Helsinki	100.00
Finncatering Oy, Vantaa	100.00
Northport Oy, Helsinki	100.00
Finland Travel Bureau Ltd., Helsinki	100.00

34. OTHER LEASE AGREEMENTS

The Group is the lessee

Minimum rental payments for irrevocable lease agreements are as follows:

	Aircrafts		Buildings		Machinery and vehicles	
EUR mill.	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
less than a year	60.6	76.1	17.6	13.4	6.5	7.5
1–2 years	51.8	54.8	17.3	12.5	5.0	5.9
2–3 years	41.2	49.0	16.8	12.1	13.7	19.9
3–4 years	25.4	40.5	16.1	11.1	0.1	0.1
4–5 years	16.6	24.4	15.5	10.4	0.0	0.0
more than 5 years	30.9	41.1	148.2	111.3	0.0	0.0
Total	**226.5**	**285.9**	**231.5**	**170.8**	**25.3**	**33.4**

The Group has leased premises as well as aircraft and other fixed assets with irrevocable lease agreements. These agreements have different levels of renewal and other index-linked terms and conditions. The Group has leased 32 aircrafts on leases of different lengths.

35. GUARANTEES, CONTINGENT LIABILITIES AND DERIVATIVES

EUR mill.	31 Dec 2009	31 Dec 2008
Other pledges given on own behalf	680.0	273.4
Guarantees on behalf of Group undertakings	78.1	63.7
Guarantees on behalf of others	3.3	4.3
Total	**761.4**	**341.3**

EUR mill.	Total
Investment commitments	**1,100.0**

Above mentioned investment commitments includes firm aircraft orders and is based on prices and exhange rates as at 31 Dec 2009. The total amount committed to firm's orders fluctuates between the placing of an order and the delivery of the aircraft mainly due to changes in exhange rates, as all of the company's aircraft orders are denominated in U.S. dollars, as well as due to the escalation clauses included in airline purhase agreements. Therefore, the total amount presented herein should not be relied as being a maximum or minimum commitment by the company. The final amount of the commitment in relation to each aircraft is only known at the time of the delivery of each aircraft.

Derivatives

EUR mill.	Nominal amount 31 Dec 2009	Fair value 31 Dec 2009	Nominal amount 31 Dec 2008	Fair value 31 Dec 2008
Currency derivatives				
Hedge accounting items (forward contracts):				
Jet fuel currency hedging	299.1	-3.0	382.7	14.0
Hedging of aircraft acquisitions				
Fair value hedging	491.0	7.1	425.8	26.4
Cash flow hedging	0.0	0.0	58.9	0.4
Hedging of lease payments	36.2	-0.6	48.4	2.2
Total	**826.3**	**3.5**	**915.8**	**43.0**
Items outside hedge accounting:				
Operational cash-flow hedging (forward contracts)	214.8	0.9	74.4	3.2
Operational cash-flow hedging (options)				
Call options	0.0	0.0	12.8	0.2
Put options	0.0	0.0	18.8	-0.1
Balance sheet hedging (forward contracts)	90.0	1.9	46.9	-2.3
Total	**304.8**	**2.8**	**152.9**	**1.0**
Total	**1,131.1**	**6.3**	**1,068.8**	**44.0**

In accordance with IAS 39, a change in the fair value of currency derivatives in hedge accounting is recognised in the hedging reserve of shareholders' equity, from where it is offset in the result against the hedged item. Exceptions to this are firm commitment hedges of aircraft purchases qualifying for hedge accounting, whose recognition practice is outlined in the accounting principles. A change in the fair value of operational cash-flow hedging is recognised in the income statement's other operating expenses, and a change in fair value of balance sheet hedges is recognised in financial items.

	Nominal value 31 Dec 2009	Fair value, EUR mill. 31 Dec 2009	Nominal value, tonnes 31 Dec 2008	Fair value, EUR mill. 31 Dec 2008
Commodity derivatives				
Hedge accounting items:				
Jet fuel forward contracts	538,600	-34.7	591,300	-153.1
Commodity derivatives at fair value through profit and loss				
Jet fuel forward contracts	48,400	0.7	71,700	-27.6
Gasoil forward contracts	0	0.0	17,000	-5.5
Jet differential forward contracts	120,500	4.3	340,500	6.9
Options				
Call options, jet fuel	68,000	0.8	28,000	0.1
Put options, jet fuel	80,500	-0.4	28,000	-8.9
Call options, gasoil	0	0.0	47,000	0.0
Put options, gasoil	0	0.0	63,500	-17.6
Total		**-29.3**		**-205.6**

The effective portion of a change in the fair value of commodity derivatives in hedge accounting is recognised in the hedging reserve of shareholders' equity, from where it is offset against the hedged item when expired. A change in the fair value of commodity derivatives outside hedge accounting is recognised in the income statement other operating expenses. Realised gains and losses are instead recognised against the hedged item. The jet differential is the price difference between jet fuel and gasoil.

EUR mill.	Nominal value 31 Dec 2009	Fair value 31 Dec 2009	Nominal value 31 Dec 2008	Fair value 31 Dec 2008
Interes t rate derivatives				
Cross currency interest rate swaps				
Hedge accounting items:	6.9	-3.8	16.7	-7.3
Cross currency interest rate swaps at fair value through profit and loss:	4.7	-2.6	11.7	-6.3
Total	**11.6**	**-6.4**	**28.4**	**-13.6**
Interest rate swaps				
Hedge accounting items:	0.0	0.0	0.0	0.0
Interest rate swaps at fair value through profit and loss:	20.0	-0.2	20.0	0.1
Total	**20.0**	**-0.2**	**20.0**	**0.1**

The Group's fixed-interest USD-denominated aircraft financing loans have been hedged with long-term cross currency interest rate swaps. The recognition practice of these items is outlined in the accounting principles.

36. RELATED PARTY TRANSACTIONS

The following transactions have taken place with related parties:		
EUR mill.	2009	2008
Sales of goods and services		
Associated undertakings	4.8	0.0
Management	-	-
Purchases of goods and services		
Associated undertakings	2.3	2.2
Management	-	-
Receivables and liabilities		
Receivables from associated undertakings	0.3	1.5
Liabilities to associated undertakings	0.3	0.0

Sales of goods and services executed with related parties correspond in nature to transactions carried out with independent parties.

The consolidated financial statements do not contain any open receivable or liability balances with management.

No credit losses from related party transactions have been recognised in the final year or the comparison year.

Guarantees and other commitments made on behalf of related parties are presented in Note 35.

The employee benefits of management are presented in Note 9. No loans have been granted to management personnel.

37. DISPUTES AND LITIGATION

Only cases of which the interest is 500,000 euros or more and that are not insured, are reported.

On 31 December 2009 the following disputes were pending:

Transpert Oy has presented to Finnair appr. 600,000 euro damage compensation claim following the termination of a subcontracting agreement. Finnair has disputed the claim. The case is pending in the Helsinki Court of Appeals.

No provisions have been made for disputes or litigation.

38. EVENTS AFTER THE CLOSING DATE

Finnair Technical Services was divided at the beginning of financial year 2010 into two subsidiaries, Finnair Technical Services Oy and Finnair Engine Services Oy. This conversion into a separate companies will create structural flexibility from cooperation arrangements in the future. The both companies are part of Aviation Services segment. In connection with the corporatization the accounting treatment of engine heavy maintenance has been changed to correspond to the IAS 37 adjustment. According to the standard Finnair Plc will recognize in the open balance sheet 1.1.2010 of Airline Business Segment approximately 22 million euro decrease in the own equity.

Finnair's training centre operations were incorporated from the beginning of 2010 into a new company Finnair Flight Academy Ltd, which is part of the Airline Business segment. The Finnair Flight Academy's task is to provide Finnair, its biggest customer, with top quality training and competence development services. The majority of the training services on offer will be for certification maintenance and aircraft type training for flight personnel. Flight training will also be sold to external customers.

39. PARENT COMPANY'S FINANCIAL FIGURES

The figures presented below are not IFRS figures.

FINNAIR PLC INCOME STATEMENT		
EUR mill.	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Turnover	1,546.0	1,869.0
Production for own use	2.6	1.6
Other operating income	10.4	17.1
OPERATING INCOME	**1,559.0**	**1,887.7**
OPERATING EXPENSES		
Materials and services	826.2	964.8
Personnel expenses	361.8	393.3
Depreciation	30.7	25.8
Other operating expenses	587.7	699.9
	-1,806.4	**-2,083.8**
OPERATING PROFIT/ LOSS	**-247.4**	**-196.1**
FINANCIAL INCOME AND EXPENSES	6.9	30.5
PROFIT/LOSS BEFORE EXTRAORDINARY ITEMS	-240.5	-165.6
Extraordinary items	184.9	151.6
PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES	-55.6	-14.0
Direct taxes	12.3	3.7
PROFIT/LOSS FOR THE FINANCIAL YEAR	**-43.3**	**-10.3**

FINNAIR PLC BALANCE SHEET				
EUR mill.	31 Dec 2009		31 Dec 2008	
ASSETS				
NON-CURRENT ASSETS				
Intangible assets	32.0		35.2	
Tangible assets	90.5		96.5	
Investments				
Holdings in Group undertakings	406.4		406.3	
Holdings in associated companies	5.4		2.8	
Other investments	0.9	535.2	0.9	541.8
CURRENT ASSETS				
Inventories	32.0		30.0	
Long-term receivables	289.1		115.2	
Short-term receivables	485.6		741.4	
Marketable securities	595.3		370.9	
Cash and bank equivalents	4.4	1,406.4	9.0	1,266.5
		1,941.6		**1,808.3**
LIABILITIES				
SHAREHOLDERS' EQUITY				
Share capital	75.4		75.4	
Share premium account	24.7		24.7	
General reserve	147.7		147.7	
Fair value reserve	-24.7		-111.7	
Unrestricted equity	250.4		250.4	
Retained earnings	186.0		218.7	
Profit/loss for the financial year	-43.3	616.2	-10.3	594.9
ACCUMULATED APPROPRIATIONS		-		-
LIABILITIES				
Deferred tax liability	8.5		8.1	
Long-term liabilities	400.6		181.6	
Short-term liabilities	916.3	1,325.4	1,023.7	1,213.4
		1,941.6		**1,808.3**

FINNAIR PLC CASH FLOW STATEMENT		
EUR mill.	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Cash flow from operating activity		
Profit/loss before extraordinary items	-240.5	-165.6
Adjustments:		
Depreciation	30.7	25.8
Operations for which a payment is not included	55.5	57.0
Financial income and expenses	6.9	30.4
Cash flow before change in working capital	-147.4	-52.4
Change in working capital		
Change in trade and other receivables	279.0	20.4
Change in inventories	-2.0	1.6
Change in accounts payables and other liabilities	9.9	-191.2
Cash flow before financial items and taxes	139.5	-221.6
Intrest paid and other paid financial expenses	21.0	8.0
Received interest income and other financial income	-27.9	-38.4
Taxes paid	0.0	3.7
Cash flow from operating activity (A)	**132.6**	**-248.3**
Cash flow from investing activity		
Investments in tangible and intangible assets	-31.0	-28.5
Sales of tangible and intangible assets	7.0	4.7
Loans granted	-174.0	0.0
Payment of loan receivables	0.0	15.2
Other investments	0.0	0.0
		0.0
Cash flow from investing activity (B)	**-198.0**	**-8.6**
Cash flow from financing activity		
Short term loan withdrawals	0.0	201.9
Short term loan repayments	-85.4	0.0
Long term loan withdrawals	219.0	0.0
Long term loan repayments	0.0	-38.4
Dividends paid	0.0	-41.9
Paid Group contributions	0.0	-10.0
Received Group contributions	151.6	0.0
Cash flow from financing activity (C)	**285.2**	**111.6**
Change in cash flows (A+B+C)	**219.8**	**-145.3**
Liquid funds at the beginning	379.9	525.2
Liquid funds in the end	599.7	379.9

Board of Directors' Proposal on the Dividend

The distributable equity in the balance sheet of Finnair Plc, as per 31 December 2009 amount to 393,032,884.24 euros.

The Board of Directors proposes to the Annual General Meeting that no dividend shall be paid and that the loss for the fiscal year to be transfered against retained earnings.

Signing of the Report of the Board of Directors and the Financial Statements

Helsinki, 4 February 2010

The Board of Directors of Finnair Plc

Christoffer Taxell

Kari Jordan

Elina Björklund

Sigurdur Helgason

Satu Huber

Ursula Ranin

Veli Sundbäck

Pekka Timonen

Mika Vehviläinen
President & CEO of Finnair Plc

Auditor's Report

To the Annual General Meeting of Finnair Oyj

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Finnair Oyj for the year ended on 31 December, 2009. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the parent company's financial statements and the report of the Board of Directors in accordance with laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Board of Directors of the parent company and the Managing Director have complied with the Limited Liability Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements or the Report of the Board of Directors, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

The audit was performed in accordance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the Company's Financial Statements and the Report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

The Members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us.

Helsinki 17th February, 2010

PricewaterhouseCoopers Oy
Authorised Public Accountants

Eero Suomela
Authotised Public Accountant

Jyri Heikkinen
Authorised Public Accountant

Corporate Governance

CORPORATE GOVERNANCE STATEMENT

Finnair Plc adheres to the Articles of Association and the Finnish Companies Act as well as the rules and regulations for listed companies issued by NASDAQ OMX Helsinki Exchanges. Furthermore, the Finnair Group complies with the Finnish Corporate Governance Code for listed companies, issued in 2008, excluding recommendations 28–30, as Finnair Plc's Board of Directors does not have a Nomination Committee referred to in these recommendations. A committee established by the Annual General Meeting prepares a proposal for the Annual General Meeting on Members of the Board and their fees. The Corporate Governance Code is publicly available on the website of the Finnish Securities Market Association at the address www.cgfinland.fi. The Corporate Governance Statement is presented separately here and the Annual Report contains a reference to this statement.

Tasks and responsibilities of governing bodies

The management of Finnair Group is the responsibility of the Annual General Meeting, the Board of Directors and the President & CEO, whose tasks are determined mainly in accordance with the Finnish Companies Act.

Annual General Meeting and exercising of voting rights

Ultimate authority in Finnair Plc is exercised by the company's shareholders at the Annual General Meeting. The Annual General Meeting is convened by the company's Board of Directors. In accordance with the Companies Act, the Annual General Meeting decides on, among other things, the following matters:

- number, election and remuneration of the Board of Directors
- election and remuneration of the auditors
- approval of the financial statements
- distribution of dividends
- amendment of the Articles of Association.

The Articles of Association of Finnair Plc do not contain any redemption clauses nor any restrictions on voting rights. The company has one series of shares.

Board of Directors

Composition and term of office

The Board of Directors of Finnair Plc consists of a chairman and at least four and at most seven members. The Annual General Meeting elects the Chairman and the Members of the Board of Directors for one year at a time. The Board of Directors elects a Deputy Chairman from among its members.

On 26 March 2009 the Annual General Meeting of Finnair Plc elected the following persons as Members of the Board:

- Christoffer Taxell, former Government Minister, LLM, b. 1948 (Chairman)
- Sigurdur Helgason, MBA, b. 1946
- Satu Huber, Managing Director of the Tapiola Pension Ltd., M.Sc. (Econ.), b. 1958
- Kari Jordan, President and CEO of Metsäliitto Group, B.Sc. (Econ.), b. 1956 (Deputy Chairman)
- Ursula Ranin, M.Sc. (Econ.), LLM, b. 1953
- Veli Sundbäck, LLM, b. 1946
- Pekka Timonen, Director-General of the Prime Minister´s Office Ownership Steering Department, LLD, b. 1960
- Elina Björklund, VP Marketing Fiskars Home, M.Sc. (Econ.), b. 1970

All Members of the Board are independent of the company. Members of the Board are also independent of the company's significant shareholders, excluding Pekka Timonen, who is in the service of the Finnish Government, Finnair Plc's largest shareholder. The Board of Directors' term of office expires at the end of the next Annual General Meeting.

Personal details of the Members of the Board can be viewed on the Finnair Group website http://www.finnair.com/group.

Tasks and description of activities

The Board of Directors represents the company and all of its shareholders. The Board of Directors must act in the interests of the company and its shareholders and handle its tasks prudently, basing its actions on the best information and expertise available to it or which reasonably can be acquired by it.

The Board of Directors approves the company's strategy and is responsible for arranging financial monitoring and risk management. The Board of Directors approves the main principles of the management and governance systems necessary for implementing its tasks and appoints the senior management responsible for them. In addition, the Board of Directors decides on the convening of the Annual General Meeting, prepares the matters to be dealt with at the Annual General Meeting and is responsible for implementing the decisions of the Annual General Meeting.

The Board of Directors appoints and dismisses the President & CEO and decides on his/her salary and terms of employment. The Board of Directors also appoints and dismisses the deputy to the President & CEO. The Board of Directors selects the members of Finnair Group's senior management and decides on their terms of employment, taking into account the human resources strategy guidelines and remuneration schemes in accordance with the company's corporate governance. The Board of Directors is responsible for ensuring that the company's accounts, budget monitoring system, internal auditing and risk management are arranged in accordance with the company's corporate governance.

The Board of Directors is also responsible for ensuring that the openness and fairness referred to in the company's corporate governance are implemented in the information given on the company's financial statements.

The company is represented by the Chairman of the Board and the company's President & CEO as well as the Deputy CEO each separately, by two Members of the Board of Directors together, and by those individuals to whom the Board of Directors has conferred the right to represent the company, together with a Member of the Board or another individual entitled to represent the company. The company's powers of procuration are decided by the Board of Directors.

The Board of Directors met 13 times during 2009. The average attendance of the Members of the Board of Directors at the meetings of the Board was 96.2 per cent.

The President & CEO of Finnair Plc or a senior member of the Finnair Group's management nominated by him acts as the presiding officer at meetings of the Board of Directors. The Finnair Group's General Counsel Sami Sarelius acts as secretary to the Board of Directors. The Board of Directors evaluates its working practices regularly.

The charter of the Board of Directors can be viewed on the Finnair Group's website http://www.finnair.com/group.

Committees

The Board of Directors has established a Compensation and Appointments Committee and an Audit Committee. The Compensation and Appointments Committee consists of Chairman of the Board Christoffer Taxell as well as Members of the Board Pekka Timonen, Kari Jordan and Ursula Ranin. The Compensation and Appointments Committee's main task is, among other things, to prepare for the decision of the Board of Directors compensation and appointments matters relating to the company's President & CEO and the Group's other senior management as well as principles and practices relating to the compensation of the company's personnel. The committee met six times during 2009. Members' attendance at the meetings was 100 per cent.

The Audit Committee consist of Veli Sundbäck (Chairman), members Sigurdur Helgason and Satu Huber and, a new member, Elina Björklund. The Audit Committee's main task is, among other things, to monitor the financial statements reporting process and to monitor that internal controls and risk management have been appropriately arranged, and to assess compliance with laws and regulations within the Group. The committee met twice during 2009. Members' attendance at the meetings was 87.5 per cent.

The Finnair Group's General Counsel Sami Sarelius acts as secretary to both committees.

The charters of the committees can be viewed on the Finnair Group's website http://www.finnair.com/group.

President & CEO and Deputy CEO

Finnair Plc has a President & CEO, whose task is to manage the company's operations according to guidelines and instructions issued by the Board of Directors. In 2009 Finnair Plc's President & CEO was Jukka Hienonen, M.Sc. (Econ.), b. 1961. The Deputy CEO has been Chief Financial Officer Lasse Heinonen, M.Sc. (Econ.), b. 1968, since 13 January 2009. Following Jukka Hienonen's resignation from the service of Finnair Plc, Mika Vehviläinen, M.Sc. (Econ.), b. 1961, has been appointed Finnair's CEO as of 1 February 2010.

Finnair's Executive Board and Group Structure

The Finnair Group's structures were reorganised during 2009 and as of 1 October 2009 business and subsidiaries were grouped into three operational entities: Airline Business, Travel Services and Aviation Services. Airline Business is further divided into Sales & Marketing, Operations and Customer Service. Travel Services consists of the Group's travel agencies, tour operators and distribution companies. Aviation Services includes ground handling operations, Finnair Technical Services and catering activities. The support functions in Group Administration are Economics and Finance, Human Resources Management, Communications and Community Relations, Resource Management, Business Development and Legal Affairs.

Since 1 October 2009, the Executive Board has been as follows: President & CEO Jukka Hienonen (since 1 February 2010 Mika Vehviläinen), SVP Communications and Community Relations Christer Haglund, Chief Financial Officer and Deputy CEO Lasse Heinonen, SVP Human Resources Anssi Komulainen, SVP Sales & Marketing Mika Perho, SVP Travel Services Kaisa Vikkula, SVP Customer Service Timo Riihimäki, SVP Operations Erno Hildén and SVP Ville Iho of the Resource Management Unit, which operates under Group Administration.

Finnair Plc's Executive Board meets around 20 times per year (23 times during 2009) and its tasks include the handling of group-wide development projects as well as group-level principles and procedures. In addition, the Executive Board is informed about, among other things, the business plans of the Group and sector companies, financial performance, and matters to be dealt with by Finnair Plc's Board of Directors, in the preparation of which it participates. The Executive Board also acts as the Group's risk management steering group.

Finnair Group's Board of Management

The Board of Management meets around ten times per year (eight times during 2009). The Finnair Group's Board of Management in 2009 comprised, in addition to members of the Executive Board, Northport Oy's Managing Director Jukka Hämäläinen, Vice President of Catering Operations and Finnair Catering Oy's Managing Director Kristina Inkiläinen, Vice President of Cargo Operations and Managing Director of Finnair Cargo Oy and Finnair Cargo Terminal Operations Oy Antero Lahtinen, and Vice President of Finnair Technical Services Kimmo Soini as well as personnel representatives, namely Department Supervisor Mauri Haapanen of the Finnair Technical Employees Association, Purser Mauri Koskenniemi of the Finnish Flight Attendants' Association SLSY, Purser Tiina Sillankorva, Deputy Chairman of the Finnair Senior White Collar Workers Association, Pilot Kristian Rintala, Chairman of the Finnish Commercial Pilot Association, and Juhani Sinisalo, Representative of Finnair Personnel Fund and Finnish Aviation Union.

The Board of Management is informed about, among other things, the business plans and financial performance of the Group. The Board of Management prepares, among other things, significant changes affecting personnel as well as fleet and other fixed asset related investments and projects to be decided by the Board of Directors. The Board of Management decides, according to the Group's investment guidelines, on investments and projects that fall within its sphere of approval.

Corporate governance of subsidiaries

The Members of the Boards of Directors of the most significant subsidiaries are selected from individuals belonging to Finnair Group management and from representatives proposed by personnel groups. The key tasks of the Boards of Directors of subsidiaries are strategy preparation, approving operational plans and budgets, and deciding on investments and commitments within the scope of instructions issued by the Board of Directors of Finnair Plc.

Insider management

The Finnair Group's insiders are divided into permanent insiders and temporary insiders in accordance with the Securities Market Act. Permanent insiders are further divided into those entered in a public insider register and those entered in a non-public company-specific insider register.

Finnair Plc's permanent insiders include members of Finnair Plc's Board of Directors, the President & CEO and his Deputy, the direct subordinates of the President & CEO, as well as the auditors, including the auditing firm's auditor with chief responsibility for the company.

The permanent company-specific insiders also include some other managers and white-collar workers in accordance with their job descriptions. Temporary insiders are individuals who receive insider information during the performance of some assignment (project). These individuals are entered into a non-public company-specific insider register, namely a project-specific register.

The Board of Directors of Finnair Plc have approved Finnair Plc's insider guidelines, which contain guidelines for permanent and project-work insiders and specify the organisation and procedures of the company's insider controls. The company's insider guidelines have been distributed to all insiders.

The Legal Affairs Department is responsible for the content of the insider guidelines. Compliance with the insider guidelines is monitored by the Economics and Finance Department. The company operates a restriction on trading, which applies to insiders' trading in the company shares or in securities granting entitlement to shares, for 30 days before the declaration of financial results.

Finnair Plc's insider register is maintained by Euroclear Finland Ltd. The public insiders and their up-to-date shareholdings can be viewed at Euroclear Finland's premises in Helsinki, Finland at the address Urho Kekkosen katu 5C and on Finnair's website at the address www.finnair.com/investor.

Auditors

The company has two auditors and two deputies elected by the Annual General Meeting. The auditors' term of office ends at the conclusion of the Annual General Meeting following the meeting of their election. The auditor and the auditor's deputy must be an authorised public accountant or an authorised public accounting firm approved by the Central Chamber of Commerce.

Finnair Plc's Annual General Meeting in 2009 elected as the company's auditors Authorised Public Accountants PricewaterhouseCoopers Oy, Principal Auditor APA Eero Suomela and APA Jyri Heikkinen, and as deputy auditors APA Tuomas Honkamäki and APA Timo Takalo. The auditors of Finnair Group subsidiaries are mainly PricewaterhouseCoopers auditing firms or auditors employed by them.

Auditing fees paid to auditors amounted to 177,000 euros in 2009. Auditors were also paid 315,000 euros in 2009 for services (e.g. tax advice) unrelated to auditing.

Internal auditing

Internal auditing work is employed to verify the integrity of transactions and the accuracy of information in internal and external accounting, and to confirm that controls are exercised effectively, property is maintained and operations are conducted appropriately in accordance with the Group's objectives. Internal Auditing also participates in the auditing of Finnair Plc subsidiaries' accounts in collaboration with External Auditing. The Internal Auditing priorities are determined in accordance with the Group's risk management strategy.

Internal control

Most of the company´s operational activity is based on official regulations and supervision, and responsibility for complying with these rests with individuals approved by the authorities. In addition, the most important supervision responsibilities relate to economics, finance and information security. The company has internal control guidelines, according to which each unit or function manager must arrange internal control of his/her own unit and organisation.

A description of the main features of the internal control and risk management systems pertaining to the financial reporting process

Financial reporting is a process of data recording, period close activities, consolidation and reporting. Most of the data recording and period close activities of Finnair Group companies are carried out in the Group's centralised Shared Service Centre in cooperation with business unit controllers, whereas consolidation and group reporting is performed in a separate group accounting unit reporting directly to the Finnair Group CFO. Most of the significant financial reporting items originate from the parent company or from the subsidiary which manages the fleet. The Finnair Group applies the international financial reporting standards.

Financial reporting controls aim to provide reasonable assurance that the information of interim reports and year-end reports are correct and that they have been prepared in accordance with legislation, applicable accounting standards and other requirements for listed companies. In the Finnair Group, the financial reporting risks are managed through an interrelated process of five subareas: internal control environment, risk recognition and assessment, control activities, information and communication, and monitoring.

The internal control environment consists of the Group's roles, responsibilities and documented internal control principles as well as the Group's values and ethics. Roles and responsibilities are in accordance with the Finnish Companies Act, the Finnish Corporate Governance Code and also with the organisational structure of the Finnair Group. Internal control principles in the Finnair Group are documented in Group reporting guidelines, the Self Assessment Tool, Treasury Policy, Procurement Policy, Credit Policy and Data Security Principles.

Risk recognition and assessment is carried out at all organisational levels of the Finnair Group. In addition to this, Internal Auditing in cooperation with external auditors, Shared Service Centre and business unit controllers, evaluates the most significant financial reporting risks related to main processes, such as revenue recognition, purchasing, payroll, investments, treasury, IT and disclosure processes, and in co-operation with external auditors tests identified key controls to determine whether the controls are effective enough to manage these risks. Based on this, a financial statement risk analysis report is prepared twice a year under the direction of Internal Auditing and the results are reported to the Audit Committee.

The most significant evaluated risks in respect of financial reporting are managed through control activities in companies, business areas and processes. The business unit controllers as well as the Shared Service Centre play an important role in performing control activities. Through the self-assessment tool, all major business units report the key controls and the performance of these key controls. Key control activities, such as balancings, trend analyses and system controls have been defined through facilitated workshops, which were held in cooperation with the Shared Service Centre, business unit controllers and Internal Auditing during autumn 2008 and spring 2009.

Information regarding control requirements is communicated through guidelines, policies and procedures. Through the self-assessment tool, unit management communicates adherence to these requirements to Group Accounting. Internal Auditing reports the results of its work regularly to the Audit Committee. The results of the Audit Committee's control work, in the form of observations, recommendations and proposed decisions and measures, are continuously reported to the Board of Directors.

Monitoring to ensure the effectiveness of internal control over financial reporting is conducted by the Board of Directors, the Audit Committee, the President & CEO, the Executive Board, Internal Auditing, subsidiaries and business units. Monitoring includes the follow-up of monthly financial reports in relation to budgets and targets, the follow-up of the self-assessment reports of the Group's companies and business areas, as well as a review of results from internal audits performed by Internal Auditing or the group's external auditors.

SALARIES AND REMUNERATION

Remuneration of Members of the Board

The remuneration and attendance allowances decided by the Annual General Meeting for Members of the Board of Directors in 2009 were:

- Chairman's annual remuneration 61,200 euros
- Deputy Chairman's annual remuneration 32,400 euros
- Member of the Board's annual remuneration 30,000 euros
- Meeting compensation to a Member of the Board residing in Finland 600 euros per meeting of the Board of Directors or its committees
- Meeting compensation to a Member of the Board residing abroad 1,200 euros per meeting of the Board of Directors or its committees

The Board of Directors are entitled to a daily allowance and compensation for travel expenses in accordance with Finnair Plc's general travel rules. In addition, Members of the Board of Directors have a limited right to use ID tickets in accordance with Finnair Plc's ID ticket rules. The fees paid to the Board of Directors are outlined in Note 9 to the financial statements. Members of the Board do not fall within the sphere of the company's share scheme or incentive bonus scheme. Up-to-date information on the Finnair shares owned by Members of the Board is available from Euroclear Finland Oy's NetSire service.

Remuneration scheme of President & CEO, Executive Board and key individuals

The earnings of the President & CEO, Executive Board and management consist of monthly salary and incentive bonuses as well as share bonuses. Remuneration schemes of management and key individuals are prepared in the Board of Directors' Compensation and Appointments Committee. Decisions are made by the company's Board of Directors. Management's incentive bonuses are determined annually based on set financial targets,unit-specific quality and process indicators as well as personal performance appraisals. The bonus can be equivalent at most to 40 per cent of yearly earnings. Information on the bonuses of the President & CEO and Deputy CEO is outlined in Note 9 to the financial statements.

Around 70 key individuals of the Group belong to the 2007–2009 share-based incentive scheme. The rewards of the share bonus scheme are based on the achievement of financial targets. Finnair Plc's Board of Directors decides the target levels annually. The share bonuses are subject to sales restrictions. More information on share-based bonuses is given in Note 26 to the financial statements. Up-to-date information on the Finnair shares owned by members of the Executive Board is available from Euroclear Finland Oy's NetSire service.

The pension schemes of the parent company's President & CEO and members of the Executive Board as well as those of the managing directors of subsidiaries are individual schemes, and the retirement age under these agreements varies from 60 to 65 years. Pension liabilities are outlined in Note 27 to the financial statements.

Other benefits of the President & CEO's employment

Up to the end of 2009, the President & CEO's other benefits were as follows:

- retirement age 60 years
- pension 60 per cent of pensionable salary
- notice of termination 6 months and severance pay equivalent to 12 months' salary payable in addition to notice period salary

As of 2010, the President & CEO's pension is defined-contribution pension and the retirement age is 63 years.

Risk Management

Risk management in Finnair is part of the Group's management activity and is directed primarily at risks that threaten the fulfilment of the Group's business short- and long-term objectives. To exploit business opportunities, Finnair is prepared to assume managed and considered risks, taking the company's risk-bearing capacity into account. In flight safety matters, Finnair`s objective is to minimise risks.

In Finnair, risk management means a systematic and predictive way of recognising, analysing and managing the opportunities and threats associated with operations. Continuity plans have been prepared in case of the realisation of risks, particularly as far as strategic and significant financial risks are concerned.

The Board of Directors and the President & CEO are responsible for the Group's risk management strategy and principles as well as for the management of risks that threaten the fulfilment of strategic objectives. The President & CEO is responsible for ensuring that risk management is in other respects appropriately organised. The Senior Vice Presidents of the business units and the Managing Directors of subsidiaries are responsible for risk management in their own areas of responsibility.

Organisation of risk management

Finnair Plc's Executive Board, which acts as a risk management steering group, assesses and directs risk management in Finnair Group. The company's internal auditing coordinates the reporting of risk management as well as adherence to the specified operating model.

The Operational Risk Management Department, which operates under Finnair Plc's Quality Manager, as specified in the Airline Operator's Licence, regularly audits and assesses the company's own and subcontractors' actions that impact on flight safety.

Finnair's quality system is IOSA certified*. The IOSA programme is an evaluation method, required by IATA, for airlines' operational management and monitoring systems. Auditing based on IOSA certification assesses whether the airline's quality control systems fulfil both IOSA and international aviation regulation standards.

Management of risks relating to loss or damage is divided into two main areas: flight safety and corporate security. Development work in these areas is coordinated by the flight safety department and the corporate security unit.

Operating environment risks

Demand and the price level of passenger and cargo traffic have been influenced most by market-area economic development, economic cycles, competition in the industry as well as various unexpected events, such as terrorism, environmental accidents and epidemics. The company has plans of action to minimise the operational impacts arising to air transport from various external disruptive factors.

The current trend clearly indicates that competitiveness in the air transport sector depends on how flexibly the company can react and adapt to surprising events, changes in demand and a constantly changing competitive environment.

A critical factor for operational flexibility is the adjustment of fixed costs to fluctuations in demand. The company's ability to react quickly in adjusting capacity, routes and costs to correspond to changing demand and economic and security conditions is also an essential factor in increasing the company's profitability. In recent years Finnair has implemented, and has under way, a number of projects that are intended to increase structural flexibility.

Finnair manages the residual value risk related to aircraft capacity and ownership by acquiring part of the aircraft belonging to its fleet through operating lease agreements of different durations. Operating lease agreements have been made especially for narrow-body fleet, where turnover rate is greater than for wide-body aircraft. The leasing of aircraft provides an opportunity for the flexible dimensioning of capacity in the medium and long term.

Market risk

The air transport business is sensitive to both cyclical and seasonal changes. Competition in the sector is intense and the market situation is continually changing, which has reduced average ticket prices over an extended period. Airlines are cutting their prices in order to increase volumes, achieve sufficient cash flow and maintain market share.

Finnair constantly makes market situation analyses and actively monitors its own reservation intake as well as competitors' changes in pricing and capacity. Finnair is able to react quickly to pricing changes that take place in the market by utilising its advanced optimisation systems.

Finnair is growing in markets in which it is not as well known a brand as in its traditional domestic market. This presents a challenge in marketing communications to highlight Finnair's competitive advantages.

A change of one percentage unit in the average price level of scheduled passenger traffic services affects the Group's operating profit by less than 15 million euros. Correspondingly a change of one percentage unit in the load factor of scheduled passenger traffic services also affects the Group's operating profit by less than 15 million euros.

Operational risk

Finnair's operations are based on a rigorous flight safety culture, which is maintained through continuous and long-term flight safety work. The company has prepared an operational safety policy, for which the company's Senior Vice President, Operations is responsible for implementing. Every employee and subcontractor working directly or indirectly with the flight operations must undertake to comply with the policy.

When operational decisions are made, flight safety always has the highest priority in relation to other factors that influence decision-making. Flight safety is an integral mechanism of all activities as well as a required way of operating not only for the company's own personnel, but also for subcontractors.

The main principle of flight safety work is non-punitive reporting of deviations in the way intended by the Aviation Act and the company's guidelines. The purpose of reporting is to find reasons, not to assign blame, as well as to identify predictively the risks of the future. The company, however, does not tolerate wilful acts contrary to guidelines, methods or prescribed working practices. Decision-making not directly related to operations must also support the company's objective of achieving and maintaining a high level of flight safety.

Reliability of flight operations

Reliability is an essential prerequisite for operating successfully in the airline industry. The air transport business, however, is exposed to various disruptive factors, such as delays, exceptional weather conditions and strikes. As well as their impact on operational and service quality, air traffic delays also increase costs.

Finnair invests continually in the overall quality and punctuality of its operational activities. The Network Control Centre (NCC) brings together all the critical parties for flight operations, thus enabling the most effective overall solutions to be implemented. Finnair Technical's service punctuality and diverse expertise as well as its detailed specification of technical functions ensure the reliability of flight operations.

Furthermore, in operational activities the contribution of partners and interest groups is essential. Finnair monitors the quality of external suppliers within the framework of standards specified in advance and through regulations prescribed for flight operations.

According to statistics compiled on European network airlines, the arrival punctuality of Finnair's flights in 2009 was 86.7%.

In relation to Asian traffic, the transfer of passengers and goods from one flight to another at Helsinki-Vantaa Airport is increasing, in the short term, the risk of delays, owing to the airport's space restrictions. The opening of a terminal extension in autumn 2009 and the gradual introduction of a new baggage handling system from February 2010 will significantly improve logistical efficiency and operational reliability at Helsinki-Vantaa Airport.

Authorities and the environment

An airline registered in the European Union can operate freely within the entire area of the Union. To date Finland, like other European countries, has been accustomed to negotiating bilateral operating agreements with countries outside the European Union.

In future, regulation at the European Union level will bring the negotiation of aviation agreements between countries inside and outside the European Union under the European Commission. Existing bilateral operating agreements will remain in force in the new situation.

As a negotiating party the Union is stronger than an individual country and thus can strengthen the position of European airlines when negotiating operating rights. In some cases this may have an adverse impact on Finnair and may weaken the company's competitive position in relation to other European airlines. Finnair will actively strive to influence the parties who negotiate operating rights and Siberian overflight permits in order to safeguard its interests.

The European Union has decided to include air transport in the carbon dioxide emissions trading scheme (ETS) from 2012. Air transport within the EU will be subject to emissions trading as will flights departing from and arriving in the EU. This will have a particular impact on the competitive situation of intercontinental air transport. If non-EU states do not become part of the emissions trading scheme, this will give a competitive advantage to airlines whose hubs are outside the EU. Companies will be able to offer market routing changes such that emissions trading will burden them less than the EU airlines or not at all. A trade war may also be possible if non-EU countries do not accept the EU emissions trading rules. Finnair has successfully delivered the monitoring and reporting plan on its own emissions to the Finnish authorities and has also taken part in the preparation of national legislation. In addition, Finnair has also actively lobbied for a global emissions trading agreement.

Finnair has been active in environmental and social responsibility issues for a long time. Social responsibility and environmental issues are reported annually in a report according to Global Reporting Initiative (GRI) guidelines, by the company's participation in the Carbon Disclosure project, and through active interest group communications. The GRI report includes, in addition to social and financial responsibility indicators, lots of information on the effects of operations on energy consumption, emissions, waste amounts and noise values. The task of Finnair's Vice President Sustainable Development is to promote the realisation of Finnair's environmental goals in the Group's business operations, in such a way that Finnair is among the leading airlines in terms of environmental activity. Transparent interest group cooperation is particularly important in order to be fully aware of the impact of legislation on operations and to meet the growing interest and demands of stakeholders.

Risk of loss or damage

Risk management in this area encompasses, for example, risks to flights, people, information, property and the environment as well as liability and loss-of-business risks, and insurance cover. The priority in the management of risks relating to loss or damage is on risk prevention, but the company prepares for any possible emergence of risks with plans, effective situation-management preparedness and insurance. Aircraft and other significant fixed assets are comprehensively insured at fair value. The amount of insurance cover for aviation liability risks exceeds the minimum levels required by law.

Accident risk

The management of occupational health and safety is diverse and challenging, because the Finnair Group's operations are spread across many fields of business. Occupational safety risks are known to be high in precisely those areas – services, food industry, heavy aircraft maintenance, warehousing and transport – of which Finnair's operations principally consist.

The development of occupational safety is long-term work, and Finnair's goal is to minimise the number of accidents. Developing occupational safety is part of the everyday work of line organisation and the responsibility of every employee.

Means of improving occupational safety include identifying and evaluating occupational health and safety hazards in the workplace and preventing accidents and hazardous situations. All reported risk situations and accidents are investigated and lessons learned in order to develop safer working methods.

Telecommunications and information technology risk

The diverse use of information technology in support of operations has increased and there is greater emphasis on the importance of the availability of information. Systems' vulnerability and the development of new global threats represent a risk factor in a networked operating environment. Finnair is continually developing its information security and situation-management preparedness for serious disruptions to information systems and telecommunications. Such preparations have a direct impact on information technology and data security costs.

Developing information system solutions and the IT environment requires continuous investment. Careful selection of external partners in IT solutions also reduces the technology risk.

The coordination of the Group's information system architecture as well as its IT purchases and strategies have been centralised in the Group's information management department. This brings synergy benefits and improves cost-efficiency.

Principles of financial risk management

The nature of the Finnair Group's business operations exposes the company to foreign exchange, interest rate, credit and liquidity, and fuel price risks. The policy of the Group is to minimise the negative effect of such risks on cash flow, financial performance and equity.

The management of financial risks is based on the risk management policy approved by the Board of Directors, which specifies the minimum and maximum levels permitted for each type of risk. Financial risk management is directed and supervised by the Financial Risk Steering Group. The implementation of financial risk management practice has been centralised in the Finnair Group's Finance Department.

In its management of foreign exchange, interest rate and jet fuel positions the company uses different derivative instruments, such as forward contracts, swaps and options.

Financial risks have been described in more detail in Note 31 of the Notes to the Financial Statements.

* IOSA = IATA Operational Safety Audit
IATA = The International Air Transport Association

Stock Exchange Releases and Investor News in 2009

January 2009

30 Jan 2009	Finnair Plc Investor News FINNAIR PILOTS' STRIKE POSTPONED
23 Jan 2009	Finnair Plc Investor News DEMANDS BY FINNAIR PILOTS LEAD TO LABOUR DISPUTE
15 Jan 2009	Finnair Oyj Company Announcement FINNAIR CONCLUDED LONG YT NEGOTIATIONS, EFFICIENCY MEASURES CONTINUE
13 Jan 2009	Finnair Oyj Company Announcement LASSE HEINONEN HAS BEEN APPOINTED FINNAIR'S DEPUTY CHIEF EXECUTIVE OFFICER
8 Jan 2009	Finnair Oyj Press release FINNAIR'S ASIAN FLIGHTS CARRY 1.3 MILLION PASSENGERS, FLIGHT TICKET PRICES CLEARLY LOWER

February 2009

27 Feb 2009	Finnair Plc Notice to convene annual general meeting NOTICE TO THE ANNUAL GENERAL MEETING
24 Feb 2009	Finnair Plc Company Announcement FINNAIR SUBSIDIARY NORTHPORT OY BEGINS YT NEGOTIATIONS
9 Feb 2009	Finnair Plc Company Announcement FINNAIR CUTS SCHEDULED TRAFFIC IN JANUARY
5 Feb 2009	Finnair Plc Financial Statement Release FINNAIR GROUP FINANCIAL STATEMENT FOR THE FINANCIAL PERIOD 1 JANUARY-31 DECEMBER 2008
2 Feb 2009	Finnair Plc Company Announcement PROPOSALS OF THE SHAREHOLDERS' NOMINATION COMMITTEE ON THE COMPOSITION AND REMUNERATION OF THE BOARD OF DIRECTORS OF FINNAIR PLC

March 2009

26 March 2009	Finnair Plc Decisions of annual general meeting DECISIONS OF FINNAIR PLC'S ANNUAL GENERAL MEETING 2009
20 March 2009	Finnair Plc Company Announcement YT-NEGOTIATIONS ON LAY-OFFS TO BEGIN IN FINNAIR TECHNICAL SERVICES
18 March 2009	Finnair Plc Investor News FINNAIR TO ADD FLIGHTS TO NEW YORK AND TOKYO FOR THE SUMMER
13 March 2009	Finnair Plc Company Announcement FINNAIR PLACES PILOTS ON UNPAID LEAVE
12 March 2009	Finnair Plc Annual report/ annual accounts FINNAIR'S ANNUAL REPORT 2008 HAS BEEN PUBLISHED
9 March 2009	Finnair Plc Company Announcement FINNAIR'S CAPACITY CUTS AND LOW TICKET PRICES SAVED FEBRUARY LOAD FACTORS
6 March 2009	Finnair Plc Company Announcement FINNAIR TECHNICAL SERVICES AND IBERIA MAINTENANCE SIGN SEVEN-YEAR COOPERATION AGREEMENT

April 2009

28 Apr 2009	Finnair Plc Interim report FINNAIR GROUP INTERIM REPORT 1 JANUARY–31 MARCH 2009
7 Apr 2009	Finnair Plc Investor News MAUNU VISURI BECOMES MANAGING DIRECTOR OF FINNAIR AIRCRAFT FINANCE OY
7 Apr 2009	Finnair Plc Company Announcement FALL IN DEMAND WEAKENED FINNAIR'S AVERAGE PRICES
6 Apr 2009	Finnair Plc Investor News FINNAIR TECHNICAL SERVICES SIGNS NEW MAINTENANCE CONTRACT WITH KLM

May 2009

27 May 2009	Finnair Plc Company Announcement INACCURATE INFORMATION IN MEDIA ON FINNAIR'S COST CUTTING
7 May 2009	Finnair Plc Company Announcement FALL IN DEMAND CONTINUES, WEAKENING OF PRICE LEVEL GATHERS PACE
5 May 2009	Finnair Plc Company Announcement FINNAIR SUBSIDIARY NORTHPORT OY COMPLETES YT NEGOTIATIONS

June 2009

23 June 2009	Finnair Plc Investor News FINNAIR TO USE AIRBUS A330 AIRCRAFT IN LEISURE TRAFFIC

9 June 2009	Finnair Plc Company Announcement DECLINE IN TRAFFIC CONTINUES, CAPACITY CUTS TRACK FALL IN DEMAND
5 June 2009	Finnair Plc Company Announcement FINNAIR SEEKS FURTHER COST CUTS OF 100 MILLION EUROS
July 2009	
7 July 2009	Finnair Plc Company Announcement FINNAIR DEMAND AND PRICE LEVEL DOWN
August 2009	
20 Aug 2009	Finnair Plc Company Announcement FINNAIR SELLS PART OF ITS PROPERTIES
14 Aug 2009	Finnair Plc Company Announcement FINNAIR CONTINUES EFFICIENCY MEASURES BY SIMPLIFYING ORGANISATION
7 Aug 2009	Finnair Plc Interim report FINNAIR GROUP INTERIM REPORT FOR JANUARY 1–JUNE 30, 2009
7 Aug 2009	Finnair Plc Company Announcement FINNAIR'S PRESIDENT & CEO RESIGNS
6 Aug 2009	Finnair Plc Company Announcement FINNAIR TRAFFIC DECLINES, LOAD FACTOR EXCELLENT
6 Aug 2009	Finnair Plc Company Announcement FINNAIR TECHNICAL SERVICES STABILISATION AGREEMENT SAFEGUARDS JOBS
September 2009	
24 Sept 2009	Finnair Plc Company Announcement FINNAIR REALISES ONE OF ITS SPARE ENGINES
18 Sept 2009	Finnair Plc Company Announcement FINNAIR ISSUES EUR 120 MILLION HYBRID BOND
17 Sept 2009	Finnair Plc Company Announcement FINNAIR CONSIDERS ISSUANCE OF HYBRID BONDS
16 Sept 2009	Finnair Plc Company Announcement FINNAIR AND SLSY REACH STABILISATION AGREEMENT
8 Sept 2009	Finnair Plc Company Announcement FINNAIR CUTS CAPACITY TO MATCH FALLING DEMAND
7 Sept 2009	Finnair Plc Company Announcement FINNAIR ADJUSTS ITS FLEET TO CHANGES IN DEMAND STRUCTURE
October 2009	
30 Oct 2009	Finnair Plc Investor News FINNAIR TRAINING OPERATIONS CONCENTRATED IN NEW FLIGHT ACADEMY
30 Oct 2009	Finnair Plc Investor News FINNAIR DOUBLES ITS SCORE IN CARBON DISCLOSURE PROJECT
30 Oct 2009	Finnair Plc Company Announcement FINNAIR PILOTS THREATEN STRIKE ACTION
29 Oct 2009	Finnair Plc Interim report FINNAIR GROUP INTERIM REPORT FOR 1 JANUARY–30 SEPTEMBER 2009
29 Oct 2009	Finnair Plc Company Announcement 230 MILLION DOLLAR CREDIT SUPPORT FOR FINNAIR
20 Oct 2009	Finnair Plc Financial Calendar FINNAIR'S FINANCIAL REPORTING SCHEDULE FOR 2010
13 Oct 2009	Finnair Plc Company Announcement FINNAIR CATERING AND WHITE-COLLAR STAFF UNIONS CONCLUDE STABILISATION AGREEMENT
7 Oct 2009	Finnair Plc Company Announcement FINNAIR'S CARGO TRAFFIC REACHES BOTTOM
November 2009	
30 Nov 2009	Finnair Plc Company Announcement FINNAIR AGREES PARTNERSHIPS IN ITS SUBSIDIARIES
17 Nov 2009	Finnair Plc Company Announcement FINNAIR AND AIRLINE PILOTS' ASSOCIATION REACH AGREEMENT
14 Nov 2009	Finnair Plc Company Announcement PILOTS REJECT PROPOSALS
12 Nov 2009	Finnair Plc Company Announcement FINNAIR SEEKS STRUCTURAL CHANGES IN ITS SUBSIDIARIES
11 Nov 2009	Finnair Plc Company Announcement MIKA VEHVILÄINEN TO BE FINNAIR'S NEW PRESIDENT & CEO
9 Nov 2009	Finnair Plc Company Announcement FINNAIR CUTS CAPACITY IN LINE WITH FALLING DEMAND
2 Nov 2009	Finnair Plc Investor News FINNAIR TECHNICAL SERVICES CONCLUDES A MAINTENANCE AND ENGINEERING CONTRACT WITH CONDOR
December 2009	
22 Dec 2009	Finnair Plc Investor News NEW BUSINESS CLASS IN FINNAIR'S LATEST AIRBUS A330 AIRCRAFT
14 Dec 2009	Finnair Plc Investor News FINNAIR DOMESTIC CARGO TRAFFIC TO JETPAK
8 Dec 2009	Finnair Plc Company Announcement LABOUR DISPUTES IMPACT FINNAIR'S TRAFFIC FIGURES IN NOVEMBER

All Stock Exchange Releases can be found on the Finnair Group website www.finnair.com/group.
Stock Exchange Releases relating to the purchase of own shares can be found at the same address.

The Brokerage Firms Analysing Finnair Equity

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Lars Heindorff

Carnegie Investment Bank, Helsinki
Timo Heinonen

Danske Markets/Danske Bank, Helsinki
Panu Laitinmäki

Evli Bank, Helsinki

FIM Bank, Helsinki
Jaakko Tyrväinen

Goldman-Sachs, London
Hugo Scott-Gall

Handelsbanken, Helsinki
Pekka Mikkonen

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Pohjola Bank, Helsinki
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The Royal Bank of Scotland RBS, London
Andrew Lobbenberg

SEB Enskilda, Helsinki
Jutta Rahikainen

Standard&Poor's, London
Virginie Vacca

Swedbank, Helsinki
Bengt Dahlström

Information for Shareholders

Annual general meeting

The Annual General Meeting of Finnair Plc will be held on 31 March 2010 at 3 pm at the Helsinki Fair Centre, Messuaukio 1 (Congress Wing Entrance). Notice of attendance at the Annual General Meeting (AGM) must be given at the latest by 4pm on 26 March 2010. Notice of attendance can be given through Finnair's website at www.finnair.com/agm, by post to the address Finnair Plc, Registry of Shareholders, HEL-AAC/5, FI-01053 FINNAIR, by fax to +358 9 818 1662, by telephone from Monday to Friday between 9am-4pm GMT to +358 9 818 7637 or by e-mail to agm@finnair.com. Letters, faxes or e-mails regarding notice of attendance must have arrived before the period of notice of attendance ends. Each shareholder who is registered on 19 March 2010 in the Company's register of shareholders maintained by the Euroclear Finland Oy has the right to participate in the AGM. A holder of nominee registered shares is advised to request without delay necessary instructions regarding the registration in the shareholder's register of the company, the issuing of proxy documents and registration for the general meeting from his/her custodian bank. The account management organization of the custodian bank will register a holder of nominee registered shares, who wants to participate in the general meeting, to be temporarily entered into the shareholders' register of the company at the latest on 26 March 2010 at 10 a.m.

AGM –Important dates

19 March 2010 Record date
26 March 2010 Last day to give notice of attendance
31 March 2010 AGM date

Board of directors' proposal on the dividend

According to the financial statements on 31 December 2009, the distributable equity of Finnair Plc amounts to 393.0 million euros. The Board of Directors proposes to the Annual General Meeting that no dividend shall be distributed for 2009.

Financial information

In 2010, interim reports will be published in Finnish, Swedish and English:

- Q1-2010 on 28 April 2010 at 9 a.m.
- Q2-2010 on 6 August 2010 at 9 a.m.
- Q3-2010 on 28 October 2010 at 9 a.m.

Ordering the annual report

The Annual Review 2009 will be published in print in Finnish, Swedish and English and the Financial Report 2009 in Finnish and in English. To order: tel: +358 9 818 4904,
fax: +358 9 818 4401, e-mail: post@finnair.com

Electronic Annual Report and Electronic Financial Report

The Electronic Annual Report will be published on the internet in Finnish, Swedish and English and Electronic Financial Report will be published in Finnish and English at the address www.finnair.com/group.

Change of address

Shareholders are kindly requested to report changes of address to the custodian of their book-entry account.

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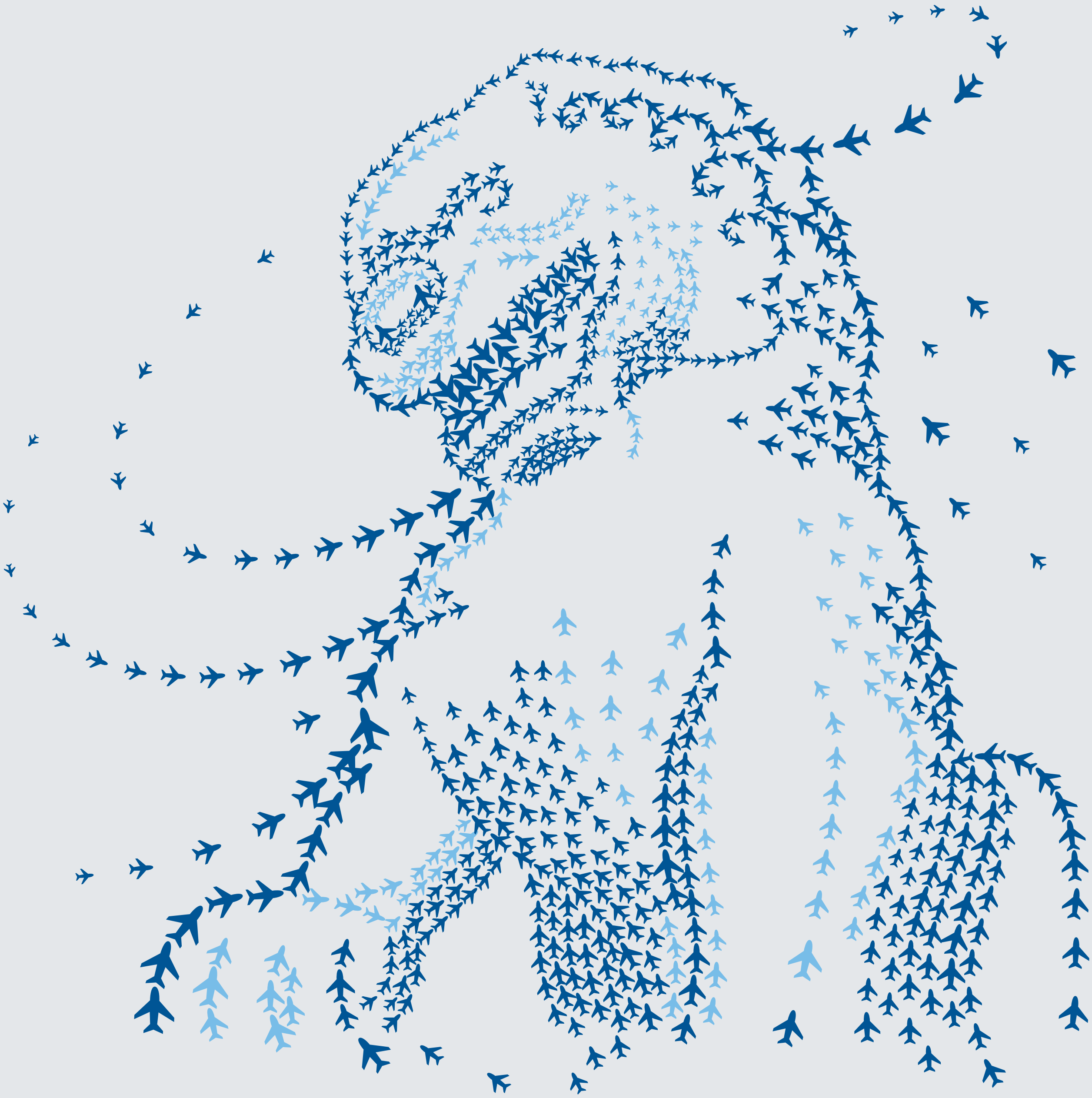

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