

Fortum Corporation
Interim Report
January–September 2009
22 October 2009

Consistent performance in a challenging environment

- Comparable operating profit EUR 1,318 (1,337) million, -1%; includes a EUR -91 million translation effect from weaker SEK
- Earnings per share EUR 1.02 (EUR 1.10)
- Net cash from operating activities EUR 1,868 (1,440) million
- 92% (92%) of power generated in the EU was CO₂-free
- Progress in Russia according to plan

Key figures	III/09	III/08	I-III/09	I-III/08	2008	LTM
Sales, EUR million	1,046	1,272	3,872	4,034	5,636	5,474
Operating profit, EUR million	286	395	1,260	1,352	1,963	1,871
Comparable operating profit, EUR million	316	353	1,318	1,337	1,845	1,826
Profit before taxes, EUR million	242	337	1,131	1,245	1,850	1,736
Earnings per share, EUR	0.24	0.32	1.02	1.10	1.74	1.65
Net cash from operating activities, EUR million	342	401	1,868	1,440	2,002	2,430
Shareholders' equity per share, EUR			8.89	8.49	8.96	N/A
Interest-bearing net debt (at end of period), EUR million			6,041	6,520	6,179	N/A
Average number of shares, 1,000s			888,230	887,241	887,256	888,026

Key financial ratios	2008	LTM
Return on capital employed, %	15.0	13.2
Return on shareholders' equity, %	18.7	18.6
Net debt/EBITDA	2.5	2.5

Fortum's January–September comparable operating profit was EUR 1,318 (1,337) million. The decline in operating profit is mainly due to lower results in the Power Generation and Heat segments. Both were negatively affected by lower power sales prices especially in the third quarter. The comparable operating profit in the Markets and Russia segments improved from January–September a year ago.

Nordic power consumption was about 20 terawatt-hours (TWh), or 7%, lower in January–September 2009 compared to the previous year. 2009 is expected to be the trough in Nordic electricity demand.

The Nord Pool average system price of electricity was EUR 34.5 (42.7) per megawatt-hour (MWh). In the same period, Power Generation's achieved power price was EUR 49.2 (49.3) per MWh, i.e. approximately the same level as last year, mainly thanks to hedging.

The average SEK rate in the first three quarters of 2009 decreased by approximately 13% compared to the first three quarters of 2008. The translation effect caused by the lower average SEK rate was approximately EUR -91 million in Fortum's January–September comparable operating profit compared to the same period last year.

Fortum's net debt to EBITDA for the last twelve months was 2.5 (2.5 at year-end 2008).

The integration of OAO Fortum (former TGC-10) proceeded according to plans. Fortum is well on track to reach the targeted annual efficiency improvements of approximately EUR 100 million by 2011.

Power sector reform in Russia has progressed as planned: The share of produced wholesale power sold on the competitive market in Russia was increased from 30% to 50% at the beginning of July 2009. The share is expected to increase further to 60% from the beginning of 2010.

Financial results

July–September

Group sales were EUR 1,046 (1,272) million. Group operating profit totalled EUR 286 (395) million. Comparable operating profit totalled EUR 316 (353) million.

The third-quarter net profit declined EUR 65 million from a year ago. Earnings per share were EUR 0.24 (0.32), 25% lower than in the third quarter of last year. The decline stems from lower reported operating profit. The third-quarter reported operating profit was affected by mark-to-market accounting effects (IAS 39) from the decrease in the value of the currency derivatives used for hedging Fortum's power derivatives portfolio.

Sales by segment

EUR million	III/09	III/08	I-III/09	I-III/08	2008	LTM
Power Generation	587	718	1,917	2,156	2,892	2,653
Heat	176	226	937	1,003	1,466	1,400
Distribution	168	171	573	583	789	779
Markets	272	461	1,039	1,391	1,922	1,570
Russia	109	140	429	292	489	626
Other	18	21	55	62	83	76
Netting of Nord Pool transactions	-200	-465	-770	-1,260	-1,736	-1,246
Eliminations	-84	0	-308	-193	-269	-384
Total	1,046	1,272	3,872	4,034	5,636	5,474

Comparable operating profit by segment

EUR million	III/09	III/08	I-III/09	I-III/08	2008	LTM
Power Generation	310	371	1,075	1,150	1,528	1,453
Heat	-14	-7	124	141	250	233
Distribution	47	49	182	185	248	245
Markets	7	-8	11	-33	-33	11
Russia	-22	-39	-33	-72	-92	-53
Other	-12	-13	-41	-34	-56	-63
Total	316	353	1,318	1,337	1,845	1,826

Operating profit by segment

EUR million	III/09	III/08	I-III/09	I-III/08	2008	LTM
Power Generation	278	438	1,005	1,129	1,599	1,475
Heat	-12	-15	140	152	307	295
Distribution	47	50	182	187	248	243
Markets	7	-17	3	-6	-35	-26
Russia	-22	-39	-33	-72	-91	-52
Other	-12	-22	-37	-38	-65	-64
Total	286	395	1,260	1,352	1,963	1,871

January–September

Group sales were EUR 3,872 (4,034) million. Group operating profit totalled EUR 1,260 (1,352) million. Comparable operating profit totalled EUR 1,318 (1,337) million.

The share of profits/losses of associates and joint ventures was EUR -1 million, EUR 79 million lower than in the previous year. This was mainly due to the lower contribution from Hafslund ASA's fourth-quarter 2008 earnings. Hafslund's effect is EUR 60 million of the decrease.

The Group's net financial expenses decreased to EUR 128 (185) million. The decrease is attributable to lower interest expenses. The change in fair value of derivatives was EUR 5 (5) million.

Profit before taxes was EUR 1,131 (1,245) million.

Taxes for the period totalled EUR 211 (256) million. The tax rate according to the income statement was 18.7% (20.6%).

The profit for the period was EUR 920 (989) million. Fortum's earnings per share were EUR 1.02 (1.10).

Non-controlling (minority) interests accounted for EUR 14 (10) million. These are mainly attributable to Fortum Värme Holding AB, in which the city of Stockholm has a 50% economic interest.

Return on capital employed was 13.2% for the last twelve months (15.0% at year-end 2008), and return on shareholders' equity was 18.6% for the last twelve months (18.7% at year-end 2008).

Market conditions

NORDIC COUNTRIES

According to preliminary statistics, the Nordic countries consumed 75 (83) TWh of electricity in the third quarter of 2009, about 10% less than in the previous year. During the first three quarters, the Nordic countries consumed about 268 (288) TWh. The decrease is mainly due to the drop in industrial consumption as a result of the recession. According to Fortum's estimate, the Nordic industrial consumption decreased close to 20% compared to the first three quarters of 2008.

The price of coal remained relatively stable during the third quarter of 2009, continuing on a clearly lower level compared to one year before. The average market price of coal (ICE

Rotterdam) during the third quarter was USD 68 (191) per tonne. After a strong second quarter of 2009, the market price for oil (ICE Brent) stabilised to an average of USD 69 (117) per barrel for the third quarter. During the third quarter, the average market price of CO₂ emission allowances (EUA) for 2009 was EUR 14.3 per tonne CO₂. The corresponding price for CO₂ emission allowances for 2008 was EUR 24.5 per tonne CO₂.

2009 started with the Nordic water reservoirs 5 TWh below the long-term average. At the end of the third quarter, the Nordic water reservoirs were at the long-term average and 6 TWh above the corresponding level last year.

During the third quarter, the average system spot price for power in Nord Pool was EUR 31.3 (55.4) per MWh. The Finnish and Swedish area prices were above the system price level, at EUR 35.6 (65.8) per MWh in Finland and at EUR 35.4 (65.9) per MWh in Sweden.

In January–September, the average system spot price for power in Nord Pool was EUR 34.5 (42.7) per MWh. The average Finnish and Swedish area prices were EUR 36.0 (50.6) per MWh.

In Germany, the average spot price for the third quarter of 2009 was EUR 37.0 (73.2) per MWh, being higher than in the Nordic area. This resulted in net export from the Nordic area to Germany.

RUSSIA

According to preliminary statistics, electricity demand in January–September 2009 decreased by approximately 8% compared to the corresponding period in 2008.

Russia's overall electricity demand in the third quarter of 2009 decreased by approximately 8% compared to the corresponding period of the previous year. OAO Fortum operates in the Tyumen and Chelyabinsk areas, which belong to the Urals price zone. Electricity consumption in the Urals region decreased by about 8% compared to the previous year. In the Tyumen area, where industrial production is dominated by oil and gas industries, electricity demand decreased by approximately 1%. Electricity demand in the Chealyabinsk area, which is dominated by the metals industry, is showing some signs of picking up: the year-on-year decrease in the third quarter was approximately 12% while it was over 25% in the second quarter.

The average electricity spot price, excluding capacity price, in the European and Urals part of Russia increased to RUB 715 per MWh from the previous quarter RUB 640 per MWh. However, the spot price decreased from RUB 831 per MWh in the third quarter 2008. The regulated electricity prices increased from a year ago. The capacity prices are still mainly regulated and were, on average, higher than a year ago.

The share of power sold on the liberalised market was increased from 30% to 50% in the beginning of July 2009. The rules for the long-term capacity market are currently under consideration by the Russian government and are expected to be finalised by the end of the year.

In August 2009, a major breakdown occurred at the Sayano-Shushenskaya hydro power plant in Russia. The event has affected power prices only in the Siberian price zone of the Russian power market. The European and Urals zone, where OAO Fortum operates, has not been affected.

Total power and heat generation figures

Fortum's total power generation during January–September 2009 was 47.9 (46.7) TWh, of which 35.3 (38.7) TWh was in the Nordic countries, representing 13% (13%) of the total Nordic electricity consumption. Fortum's total heat production during January–September 2009 was 33.0 (24.8) TWh, of which 13.2 (14.7) TWh was in the Nordic countries.

The increase in the total power and heat generation volumes is due to the inclusion of OAO Fortum, which has been consolidated from the beginning of April 2008.

The decrease in Nordic hydropower generation was mainly due to lower precipitation and inflows into Nordic water reservoirs. 2008 was an exceptionally good hydro year. The decrease in Nordic nuclear power generation is mainly due to the long upgrade outage in Oskarshamn 3.

Fortum's total power and heat generation figures are presented below. In addition, the respective figures by segment are presented in the segment reviews.

Fortum's total power and heat generation in the EU and Norway, TWh	III/09	III/08	I-III/09	I-III/08	2008	LTM
Power generation	10.4	10.9	36.2	39.5	52.6	49.3
Heat generation	2.5	3.7	15.8	17.6	25.0	23.2

Fortum's total power and heat generation in Russia, TWh *)	III/09	III/08	I-III/09	I-III/08	2008	LTM
Power generation	3.4	3.4	11.7	7.2	11.6	16.1
Heat generation	2.8	2.8	17.2	7.2	15.3	25.3

*) Power and heat generation numbers for Q1/09 have been revised

Fortum's own power generation by source, TWh, total in the Nordic countries	III/09	III/08	I-III/09	I-III/08	2008	LTM
Hydropower	5.3	4.5	16.2	16.9	22.9	22.2
Nuclear power	4.3	5.4	16.3	18.4	23.7	21.6
Thermal power	0.4	0.8	2.8	3.4	5.0	4.4
Total	10.0	10.7	35.3	38.7	51.6	48.2

Fortum's own power generation by source, %, total in the Nordic countries	III/09	III/08	I-III/09	I-III/08	2008	LTM
Hydropower	53	42	46	44	44	46
Nuclear power	43	50	46	47	46	45
Thermal power	4	8	8	9	10	9
Total	100	100	100	100	100	100

Total power and heat sales figures

Fortum's total power sales during January–September 2009 were 55.5 (54.2) TWh, of which 40.4 (44.2) TWh were in the Nordic countries. This represents approximately 15% (15%) of the estimated Nordic electricity consumption during January–September 2009.

Fortum's total heat sales during January–September 2009 were 33.4 (25.2) TWh, of which 12.0 (13.9) TWh were in the Nordic countries.

Fortum's total electricity* and heat sales in the EU and Norway, EUR million	III/09	III/08	I-III/09	I-III/08	2008	LTM
Electricity sales	630	725	2,034	2,188	2,959	2,805
Heat sales	142	173	744	792	1,157	1,109

* Nord Pool transactions are calculated as a net amount of hourly sales and purchases at the Group level.

Fortum's total electricity and heat sales in Russia, EUR million	III/09	III/08	I-III/09	I-III/08	2008	LTM
Electricity sales	87	112	281	217	332	396
Heat sales	18	23	143	66	141	218

Fortum's total electricity sales* by area, TWh	III/09	III/08	I-III/09	I-III/08	2008	LTM
Finland	5.3	6.0	19.0	21.0	28.7	26.7
Sweden	6.0	6.1	20.1	21.8	28.5	26.8
Russia	4.0	4.4	14.2	9.2	14.8	19.8
Other countries	0.6	0.7	2.2	2.2	3.0	3.0
Total	15.9	17.2	55.5	54.2	75.0	76.3

* Nord Pool transactions are calculated as a net amount of hourly sales and purchases at the Group level.

Fortum's total heat sales by area, TWh	III/09	III/08	I-III/09	I-III/08	2008	LTM
Russia	2.3	2.4	16.7	6.7	15.3	25.3
Finland	0.8	1.7	5.3	7.7	10.8	8.4
Sweden	0.9	1.1	6.6	6.1	9.1	9.6
Poland	0.1	0.2	2.3	2.3	3.6	3.6
Other countries**	0.7	0.6	2.5	2.4	3.4	3.5
Total	4.8	6.0	33.4	25.2	42.2	50.4

** Including the UK, which is reported in the Power Generation segment, other sales.

Fortum's emissions subject to the EU's trading scheme

During the first nine months of 2009, approximately 92% (92%) of the power generated by Fortum within the EU countries was CO₂-free.

Fortum's total CO₂ emissions subject to the EU's emissions trading scheme (ETS) in the first three quarters amounted to 5.0 (4.5) million tonnes of CO₂.

Fortum's total annual CO₂ allowance allocation for its power and heat plants is approximately 5.9 million tonnes per year during 2008-2012. In Finland, Fortum's CO₂ allocation is approximately 4.1 million tonnes of CO₂ per annum, representing 11% of the Finnish national allocation. In Sweden, Fortum's free CO₂ allocation is approximately 0.2 million tonnes of CO₂ per annum, representing 0.7% of the Swedish national allocation.

Total CO₂ emissions (million tonnes)	III/09	III/08	I-III/09	I-III/08	2008	LTM
Total emissions	3.9	4.1	15.4	10.8	17.6	22.2
Emissions subject to ETS	1.2	1.1	5.0	4.5	7.2	7.7
Free emissions allocation	-	-	-	-	5.9	-
Emissions in Russia	2.7	2.8	9.9	5.8	9.8	13.9

SEGMENT REVIEWS

Power Generation

The business area comprises power generation and sales in the Nordic countries and the provision of operation and maintenance services in the Nordic area and selected international markets. The Power Generation segment sells its production to Nord Pool.

EUR million	III/09	III/08	I-III/09	I-III/08	2008	LTM
Sales	587	718	1,917	2,156	2,892	2,653
- power sales	541	644	1,777	1,928	2,566	2,415
- other sales	46	74	140	228	326	238
Operating profit	278	438	1,005	1,129	1,599	1,475
Comparable operating profit	310	371	1,075	1,150	1,528	1,453
Net assets (at period-end)			5,527	5,396	5,331	
Return on net assets, %					29.6	27.6
Comparable return on net assets, %					28.0	27.2
Gross investments	20	35	120	85	134	169
Number of employees			3,285	3,564	3,520	

The segment's power generation during the third quarter of 2009 amounted to 9.7 (10.0) TWh in the Nordic countries.

In January–September, the segment's power generation in the Nordic countries was 32.6 (35.5) TWh. Approximately 97% (98%) of the segment's power generation was CO₂-free.

The decrease in Nordic hydropower generation is mainly due to lower precipitation and inflows into Nordic water reservoirs. The decrease in Nordic nuclear power generation is mainly due to the extensive power increase and safety modernisation outage in Oskarshamn 3, which started at the beginning of March and is expected to continue until late October. Oskarshamn 3's capacity will increase by ~250 megawatts (MW) of which Fortum's share is approximately 110 MW.

Power generation by source, TWh	III/09	III/08	I-III/09	I-III/08	2008	LTM
Hydropower, Nordic	5.3	4.5	16.2	16.9	22.9	22.2
Nuclear power, Nordic	4.3	5.4	16.3	18.4	23.7	21.6
Thermal power, Nordic	0.1	0.1	0.1	0.2	0.3	0.2
Total in the Nordic countries	9.7	10.0	32.6	35.5	46.9	44.0
Thermal in other countries	0.3	0.2	0.9	0.7	1.0	1.2
Total	10.0	10.2	33.5	36.2	47.9	45.2

Nordic sales volume, TWh	10.9	11.4	36.4	39.3	52.1	49.2
of which pass-through sales	0.8	0.8	2.6	2.9	3.7	3.4

Sales price, EUR/MWh	III/09	III/08	I-III/09	I-III/08	2008	LTM
Generation's Nordic power price*	50.2	57.0	49.2	49.3	49.3	49.2

* For the Power Generation segment in the Nordic countries, excluding pass-through sales.

During the third quarter of 2009, the average system spot price in Nord Pool was EUR 31.3 per MWh, while Finnish and Swedish area prices were above the system price level, at EUR 35.6 per MWh in Finland and EUR 35.4 per MWh in Sweden. During the same period, Generation's achieved Nordic power price was EUR 50.2 per MWh, thanks to hedging. The segment's Nordic sales volume without pass-through items was EUR 10.1 (10.6) TWh.

During January–September 2009, the average system spot price in Nord Pool was EUR 34.5 per MWh, while the Finnish and Swedish area prices were EUR 36.0 per MWh. Generation's achieved Nordic power price was EUR 49.2 per MWh, at approximately the same level as last year.

In the third quarter, the Power Generation segment's comparable operating profit was lower than in the corresponding period last year, mainly due to the lower achieved sales price. Increased hydro production contributed positively to the third quarter earnings while the decreased nuclear production had a clear negative effect.

In January–September 2009, the Power Generation segment's comparable operating profit was lower than in the corresponding period last year. This was mainly due to the lower hydropower and nuclear generation volumes. The translation effect from the lower SEK was EUR -67 million in the segment's January-September comparable operating profit.

In February, Fortum submitted to the Government of Finland an application for a decision-in-principle concerning the construction of a new nuclear power plant unit in Loviisa. Fortum is one of three applicants applying for the decision-in-principle. The Government is expected to make its proposal to the Parliament during the early part of 2010.

In September, Fortum and Metsähallitus announced a joint development project of a wind power park in the Kuolavaara-Keulakkopää area, located in the Kittilä and Sodankylä municipalities in northern Finland. According to initial estimates, approximately 18 wind power stations of 2–3 MW each can be built in the area, producing between 100 and 120 gigawatt-hours (GWh) of electricity annually.

Fortum is a shareholder in Teollisuuden Voima Oyj (TVO), a nuclear generation company operating two nuclear power units in Olkiluoto, Finland. TVO is in the process of building a third unit, Olkiluoto 3. Based on the latest progress report submitted by the plant supplier, AREVA-Siemens, TVO now estimates that the start-up of the plant may be postponed beyond June 2012, which is the current schedule confirmed by the supplier.

In late March, TVO's shareholders committed to providing a EUR 300 million subordinated shareholder's loan to TVO. Fortum's share of this commitment is at maximum EUR 75 million.

Heat

The business area comprises heat generation and sales in the Nordic countries and other parts of the Baltic Rim. Fortum is a leading heat producer in the Nordic region. The segment also generates power in combined heat and power plants (CHP) and sells it to end customers mainly through long-term contracts as well as to Nord Pool. The segment includes the business unit Värme, operating in Sweden, and Heat, operating mainly in other markets.

EUR million	III/09	III/08	I-III/09	I-III/08	2008	LTM
Sales	176	226	937	1,003	1,466	1,400
- heat sales	132	165	714	766	1,120	1,068
- power sales	19	33	140	152	228	216
- other sales	25	28	83	85	118	116
Operating profit	-12	-15	140	152	307	295
Comparable operating profit	-14	-7	124	141	250	233
Net assets (at period-end)			3,655	3,595	3,468	
Return on net assets, %					8.9	8.9
Comparable return on net assets, %					7.3	7.2
Gross investments	91	96	258	287	431	402
Number of employees			2,121	2,486	2,318	

The segment's heat sales during January–September 2009 amounted to 15.1 (17.0) TWh, most of which was generated in the Nordic countries. During the same period, power sales from CHP production totalled 2.8 (3.3) TWh.

The decline in the sales volume is mainly due to the sale of a CHP company in Jyväskylä, Finland, at the end of 2008, and lower industrial customer demand.

The Heat segment's third-quarter comparable operating profit was EUR -14 million, EUR 7 million less than last year. The decrease was mainly due to lower power and heat volumes, and lower power price.

In January–September 2009, the segment's comparable operating profit was EUR 124 million, EUR 17 million lower than the year before. The decline was mainly due to the EUR -12 million translation effect from a weak SEK and PLN, mainly in the first half of the year, and higher fuel costs.

In May, Fortum sold its peat production in central Finland to Vapo Oy. In August, Fortum sold its CHP plant in Kokkola, Finland, to the city of Kokkola. The construction of three new CHP plants in Espoo, Finland, in Czeszochowa, Poland, and in Pärnu, Estonia, proceeded. The trial runs of the new Suomenoja CHP plant were started in September.

Heat sales by area, TWh	III/09	III/08	I-III/09	I-III/08	2008	LTM
Finland	0.8	1.7	5.3	7.7	10.8	8.4
Sweden	0.9	1.1	6.6	6.1	9.1	9.6
Poland	0.1	0.2	2.3	2.3	3.6	3.6
Other countries	0.2	0.1	0.9	0.9	1.4	1.4
Total	2.0	3.1	15.1	17.0	24.9	23.0

Power sales, TWh	III/09	III/08	I-III/09	I-III/08	2008	LTM
Total	0.4	0.7	2.8	3.3	4.7	4.2

Distribution

Fortum owns and operates distribution and regional networks and distributes electricity to a total of 1.6 million customers in Sweden, Finland, Norway and Estonia.

EUR million	III/09	III/08	I-III/09	I-III/08	2008	LTM
Sales	168	171	573	583	789	779
- distribution network transmission	142	144	493	494	669	668
- regional network transmission	15	18	54	59	77	72
- other sales	11	9	26	30	43	39
Operating profit	47	50	182	187	248	243
Comparable operating profit	47	49	182	185	248	245
Net assets (at period-end)			3,248	3,265	3,032	
Return on net assets, %					8.1	8.1
Comparable return on net assets, %					8.2	8.1
Gross investments	51	70	130	203	296	223
Number of employees			1,154	1,336	1,336	

The volume of distribution and regional network transmission during the third quarter of 2009 totalled 4.8 (5.1) TWh and 3.5 (4.2) TWh, respectively.

In the first three quarters of 2009, the volume of distribution and regional network transmission totalled 18.4 (18.6) TWh and 12.0 (13.2) TWh, respectively.

Electricity transmission via the regional distribution network totalled 10.0 (11.0) TWh in Sweden and 2.0 (2.2) TWh in Finland.

The comparable operating profit of the Distribution segment was EUR 47 million in the third quarter, EUR 2 million lower than in the previous year.

In January–September 2009, the Distribution segment's comparable operating profit was EUR 3 million lower than in the previous year. The decline was due to the weaker average SEK that led to a translation effect of approximately EUR -13 million, mainly in the first half of the year.

The new Swedish legislation on monthly meter reading came into effect on 1 July 2009. In order to meet the new requirements, Fortum has replaced 844,000 electricity meters with new smart meters. With the rollout completed, the project entered into a new phase. Discussions on how to structure this new operations phase are ongoing with the AMM service provider.

In August 2009, a contract for the automatic meter management in Finland was signed with service provider Telvent. The total value of the investment is approximately EUR 170 million over a period of nine years. The investment includes the purchase of the smart meters, installation, operation and development the system as well as the related services. The new Finnish legislation on meter reading requirements will be effective on 1 January 2014.

Volume of distributed electricity in distribution network, TWh	III/09	III/08	I-III/09	I-III/08	2008	LTM
Sweden	2.7	2.8	10.1	10.2	14.0	13.9
Finland	1.7	1.9	6.6	6.7	9.3	9.2
Norway	0.4	0.4	1.6	1.6	2.3	2.3
Estonia	0.0	0.0	0.1	0.1	0.2	0.2
Total	4.8	5.1	18.4	18.6	25.8	25.6

Number of electricity distribution customers by area, thousands	30 Sep 2009	30 Sep 2008	31 Dec 2008
Sweden	888	874	877
Finland	609	604	606
Other countries	123	123	123
Total	1,620	1,601	1,606

Markets

Markets is responsible for retail sales of electricity to a total of 1.3 million private and business customers as well as to other electricity retailers in Sweden, Finland and Norway. Markets buys its electricity through Nord Pool. Markets sells approximately 70% of its volumes to business customers and 30% to retail consumers.

EUR million	III/09	III/08	I-III/09	I-III/08	2008	LTM
Sales	272	461	1,039	1,391	1,922	1,570
- power sales	266	448	1,017	1,346	1,865	1,536
- other sales	6	13	22	45	57	34
Operating profit	7	-17	3	-6	-35	-26
Comparable operating profit	7	-8	11	-33	-33	11
Net assets (at period-end)			85	229	188	
Return on net assets, %					-14.0	-17.0
Comparable return on net assets, %					-15.3	9.3
Gross investments	0	0	1	3	3	1
Number of employees			638	629	635	

Markets' third quarter comparable operating profit continued to improve compared to the year before. The main drivers behind the better performance were the higher sales margin in Markets' Consumer Markets customer segment and tighter cost controls.

The improvement in Markets' performance in January-September is based on Markets' successful turnaround programme, including the launch of the new pricing model in Finland (the "Kesto" product), renegotiated sales agreements, renewed hedging operations and cost saving actions.

In the third quarter of 2009, Markets' electricity sales totalled 5.7 (7.5) TWh. For the first three quarters, Markets' sales volume was 21.7 (27.0) TWh.

The decrease in the sales volume continued mainly due to the lower consumption by business customers and discontinued contracts with some business customers.

Russia

The segment comprises power and heat generation and sales in Russia. The segment includes OAO Fortum and Fortum's holding in TGC-1. OAO Fortum is accounted for as a subsidiary and fully consolidated from 1 April 2008. TGC-1 is an associated company and accounted for using the equity method.

EUR million	III/09	III/08	I-III/09	I-III/08	2008	LTM
Sales	109	140	429	292	489	626
- power sales	87	112	281	217	332	396
- heat sales	18	23	143	66	141	218
- other sales	4	5	5	9	16	12
EBITDA	-4	-16	22	-27	-24	25
Operating profit	-22	-39	-33	-72	-91	-52
Comparable operating profit	-22	-39	-33	-72	-92	-53
Net assets (at period-end)			2,098	2,420	2,205	
Return on net assets, %					-3.7	-2.1
Comparable return on net assets, %					-3.8	-2.1
Gross investments	58	548	120	1,622	1,748	246
Number of employees*			4,333	7,254	7,262	

* In January 2009 around 1,100 persons working at OAO Fortum were transferred internally from the Russia segment to the Power Generation segment's Service Business Unit.

OAO Fortum operates in the well-developed industrial regions of the Urals and in oil-producing western Siberia.

The segment's power sales during the third quarter of 2009 amounted to 4.0 (4.4) TWh. During the same period, heat sales totalled 2.3 (2.4) TWh. The segment sold approximately 2/3 of its power in Tuymen and other oil- and gas-producing areas in the OAO Fortum region. The remaining 1/3 of its volumes were sold in the Chelyabinsk region, where the metals industry dominates wholesale electricity demand.

In the third quarter of 2009, the average electricity spot price in the Urals hub was 13% lower than a year ago, RUB 700 (809) per MWh, but clearly higher than in the second quarter of 2009, when it was RUB 603 per MWh. During the third quarter of 2009, OAO Fortum sold 44% of its electricity production at the liberalised electricity price.

OAO Fortum's average regulated electricity price was 12% higher than a year ago at RUB 529 (473) per MWh. The average regulated capacity price in the third quarter of 2009 was 3% higher than a year ago at RUB 186,470 per MW per month. In the corresponding period of 2008, the price was RUB 181,510 per MW per month.

During the third quarter of 2009, the average limit gas price in the Urals region was RUB 1,837 per 1000 m³, 18% higher than in the corresponding period of 2008.

Key electricity, capacity and gas prices for OAO Fortum	III/09	III/08	Change %	I-III/09	I-III/08
Electricity spot price (market price), Urals hub, RUB/MWh	700	809	-13	613	716
Average regulated electricity price for OAO FORTUM, RUB/MWh	529	473	12	533	474
Average regulated capacity price, RUB/MW/month	186,470	181 510	3	187,620	165,402
Average limit gas price in Urals region, RUB/1000 m ³	1,837	1,560	18	1,731	1,560

The segment booked a comparable operating profit of EUR -22 (-39) million in the third quarter of 2009. The improvement is mainly due to OAO Fortum's efficiency improvement programme and a higher electricity sales margin. OAO Fortum figures have been consolidated starting from the beginning of April 2008.

In January–September 2009, the Russia segment's comparable operating profit, EUR -33 million, was EUR 39 million better than in the previous year. The improvement mainly stems from OAO Fortum's efficiency improvement programme and a higher electricity sales margin.

OAO Fortum's business is typically very seasonal: Its results usually are strongest during the first and last quarters of the year.

The Russian power sector reform is proceeding. Starting 1 January 2009, 30% of all produced power in Russia was sold on the competitive market. The share increased to 50% at the beginning of July 2009 and is expected to increase further to 60% from the beginning of 2010. The wholesale power market is expected to be fully liberalised from the beginning of 2011. The rules for the long-term capacity market are currently under consideration by the Russian government and are expected to be agreed by the end of the year.

OAO Fortum's efficiency improvement programme is proceeding according to plans. The annual efficiency improvements are expected to be approximately EUR 100 million by 2011.

Capital expenditures, divestments and investments in shares

Capital expenditures and investments in shares in January–September 2009 totalled EUR 634 (2,210) million. Investments, excluding acquisitions, were EUR 571 (716) million.

HEAT

A new CHP plant in Tartu, Estonia, was taken into commercial use in late March. The construction of the new CHP plants in Espoo, Finland, in Czestochowa, Poland and in Pärnu, Estonia, proceeded.

In August Fortum sold its CHP plant in Kokkola, Finland, to the city of Kokkola. The transaction price was around EUR 24 million.

DISTRIBUTION

The EU's third energy market package entered into force in early September 2009. One of the consequences is that Fortum will have to divest its 25% ownership in the Finnish electricity transmission system operator Fingrid Oyj by early 2012. Consequently, Fortum is investigating alternatives for the sale of the Fingrid shares. Currently Fortum expects the sales process of Fingrid shares to take place during 2010.

RUSSIA

OAO Fortum's ongoing investment programme will increase its power capacity from the current ~3,000 MW to 5,300 MW. The value for the remaining part of the programme, calculated at year-end 2008 exchange rates, is estimated to be EUR 2.0 billion from January 2009 onwards.

The Russian Government is currently reviewing the investment programmes of the generating companies in light of the decreased power demand. Fortum has confirmed its commitment to fulfil OAO Fortum's investment programme. However, the potential postponement of some projects by 1-3 years is currently under review with a favourable outlook.

Financing

During the third quarter of 2009 net debt increased by EUR 37 million to EUR 6,041 million (year-end 2008: EUR 6,179 million). The liquidity position continued to be strong, and, at the end of September 2009, the Groups liquid funds totalled EUR 815 million (year-end 2008: EUR 1,321 million). The liquid funds include cash and bank deposits held by OAO Fortum amounting to EUR 703 million (year-end 2008: EUR 1,020 million). In addition, Fortum had access to approximately EUR 2.9 billion in undrawn committed credit facilities.

In January-September 2009, the Group's net financial expenses were EUR 128 (185) million. The decrease is mainly attributable to lower average interest rates in 2009 compared to the corresponding period last year. Net financial expenses include fair value gains on financial instruments amounting to EUR 5 (5) million.

Net debt to EBITDA for the last twelve months was 2.5 (2.5 at year-end 2008).

On 21 September 2009, Standard and Poor's upgraded Fortum's long-term credit rating from A- to A (stable) due to a change in their methodology for rating of "government-related entities".

Fortum Corporation's long-term credit rating from Moody's was A2 (stable).

Shares and share capital

In January-September 2009, a total of 453.0 (466.5) million Fortum Corporation shares, totalling EUR 7,055 million, were traded. Fortum's market capitalisation, calculated using the closing quotation of the last trading day of the quarter, was EUR 15,564 million. The highest quotation of Fortum Corporation shares on the NASDAQ OMX Helsinki in the first three quarters of 2009 was EUR 19.20, the lowest EUR 12.60, and the volume-weighted average quotation EUR 15.61. The closing quotation on the last trading day of the period was EUR 17.52 (23.58).

At the end of the third quarter of 2009, Fortum Corporation did not own its own shares.

At the end of the third quarter of 2009, Fortum Corporation's share capital was EUR 3,046,185,953 and the total number of registered shares was 888,367,045.

The subscription period for the last remaining option scheme ended on 1 May 2009 and thus no further shares can be subscribed for and registered under the share option schemes.

At the end of September 2009, the Finnish state's holding in Fortum was 50.8%. The proportion of nominee registrations and direct foreign shareholders was 32.4%.

The Board of Directors has no unused authorisations from the Annual General Meeting of Shareholders to issue convertible loans or bonds with warrants or to issue new shares.

Group personnel

The number of employees at the end of the third quarter of 2009 was 12,054 (15,785).

The outsourcing of certain infrastructure service functions to Infratek ASA in January 2009 reduced the number of people in the Power Generation and Distribution segments.

In the first quarter of 2009, around 1,100 persons working at OAO Fortum were transferred internally from the Russia segment to the Power Generation segment's Service business unit.

OAO Fortum discontinued its operation and maintenance contract with the city of Tyumen for the operation of municipal heat networks as of 1 July 2009. This has reduced the number of OAO Fortum employees by approximately 750.

Fortum's new business structure

Fortum has restructured its organisation into four business divisions and four staff functions in order to increase the organisation's efficiency, performance accountability and simplicity. The change took effect on 1 October 2009. The reorganisation will not lead to a change in Fortum's external financial reporting structure.

The new business divisions are Power, Heat, Russia, and Electricity Solutions and Distribution. The Power Division consists of Fortum's power generation, physical operation and spot trading, operation, maintenance and development of power plants, as well as expert services for power producers. The Heat Division consists of combined heat and power production, district heating activities and business-to-business heating solutions. The Electricity Solutions and Distribution Division is responsible for Fortum's electricity sales, solutions and distribution activities in regional and distribution networks. The Russia Division consists of power and heat generation and sales in Russia. It includes OAO Fortum, Fortum's over 25% holding in TGC-1 and some other minority shareholdings.

The staff functions are Finance, Corporate Relations and Sustainability, Corporate Human Resources, and Corporate Strategy and R&D.

Fortum Management Team sets the strategic targets, prepares the Group's annual business plans, follows up on the results, and plans and decides on investments, mergers, acquisitions and divestments within authorisation. Each member of the Management Team is responsible for the key day-to-day operations and the implementation of operational decisions in their respective organisations.

Fortum Management Team consists of the following members:

Tapio Kuula, President and CEO.

Matti Ruotsala, Executive Vice President, Power Division.

Per Langer, Executive Vice President, Heat Division. Country responsible for Sweden, Poland and Baltics.

Alexander Chuvaev, Executive Vice President, Russia Division. General Director, OAO Fortum. Country responsible for Russia.

Timo Karttinen, Executive Vice President, Electricity Solutions and Distribution Division. Country responsible for Finland and Norway.

Juha Laaksonen, Executive Vice President and Chief Financial Officer.

Anne Brunila, Executive Vice President, Corporate Relations and Sustainability.

Mikael Frisk, Senior Vice President, Corporate Human Resources.

Maria Paatero-Kaarnakari, Senior Vice President, Corporate Strategy and R&D.

Matti Ruotsala, Per Langer, Alexander Chuvaev and Anne Brunila are new Management Team members.

Outlook

KEY DRIVERS AND RISKS

The key factor influencing Fortum's business performance is the wholesale price of electricity. Key drivers behind wholesale price development are the supply-demand balance, fuel and CO₂ emissions allowance prices as well as the hydrological situation. The exchange rates of the Swedish krona and Russian rouble also affect Fortum's financials. The balance sheet translation effects from potential changes in currency exchange rates are booked in Fortum's equity.

Fortum's financial results are exposed to a number of strategic, financial and operational risks. For further details on Fortum's risks and risk management, see Fortum's Operating and Financial Review and Financial Statements for 2008.

MARKET DEMAND

The recession impacts the markets in which Fortum operates. This may increase Fortum's counterparty risk. The recession may continue to depress electricity consumption in the Nordic countries and Russia.

2009 is expected to be the trough in Nordic electricity demand. Electricity will continue to gain a higher share of the total energy consumption.

RUSSIA

In Russia, one of the key assumptions in the OAO Fortum acquisition is the continuation of the Russian power sector reform. As planned, the share of power sold at a competitive price was increased from 30% to 50% on 1 July 2009. The share is planned to be increased from 50% to 60% at the beginning of January 2010. The wholesale power market is expected to be fully liberalised by 2011.

The rules for the long-term capacity market are currently under consideration by the Russian government and are expected to be agreed on by the end of the year.

The average limit gas price (regulated gas price) for the fourth quarter of 2009 will increase by 5.5%. The regulated electricity price is indexed to the regulated gas price and inflation on an annual basis.

OAO Fortum is committed and contractually obligated to a significant investment programme, amounting to approximately EUR 2.0 billion for 2009 and onwards. The Russian Government is currently reviewing the investment programmes of the generating companies in light of the decreased power demand stemming from the current recession. Fortum has confirmed its commitment to fulfil OAO Fortum's investment programme. However, the potential postponement of some projects by 1-3 years is currently under review with a favourable outlook.

The acquisition of OAO Fortum is expected to marginally dilute Fortum's EPS during 2009. Annual efficiency improvements are expected to be approximately EUR 100 million by 2011.

CAPITAL EXPENDITURE

Fortum expects its annual capital expenditure in the next 4-5 years to be within a range of EUR 0.8-1.2 billion.

HEDGING

In mid-October, the electricity forward price in Nord Pool for the rest of 2009 was around EUR 34-36 per MWh. The electricity forward price for 2010 was around EUR 35-36 per MWh and for 2011 around EUR 39 per MWh. At the same time, the future quotations for coal (ICE Rotterdam) for the rest of 2009 were around USD 74 per tonne and the market price for emissions allowances (EUA) for 2009 was about EUR 14 per tonne CO₂.

In mid-October, Nordic water reservoirs were about 1 TWh below the long-term average, and 5 TWh above the corresponding level of 2008.

Fortum Power Generation's achieved Nordic power price typically depends on e.g. the hedge ratio, hedge price, spot prices, availability and utilisation of Fortum's flexible production portfolio and currency fluctuations. Excluding the potential effects from the changes in the power generation mix, a 1 EUR/MWh change in Power Generation's achieved Nordic sales price results in an approximately EUR 50 million change in Fortum's annual operating profit.

At the end of September 2009, Fortum had hedged approximately 75% of the Power Generation segment's estimated Nordic electricity sales volume for the rest of 2009 at approximately EUR 50 per MWh. For the calendar year 2010, approximately 65% of the segment's estimated Nordic electricity sales volume was hedged at approximately EUR 44 per MWh and for the calendar year 2011, approximately 35% was hedged at approximately EUR 42 per MWh.

The reported hedge ratios may vary significantly, depending on Fortum's actions on the electricity derivatives markets. Hedges are mainly financial contracts, most of them Nord Pool forwards or standardised futures, consisting of several types of products and maturities.

The first and last quarters of the year are usually the strongest quarters for the power and heat businesses.

Fortum's results in the first three quarters were good despite the challenging economic environment. A flexible, low-cost and climate-benign generation portfolio accompanied by a strong financial position and liquidity enable Fortum to meet current challenges and to be ready for new opportunities.

Espoo, 21 October 2009
Fortum Corporation
Board of Directors

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The condensed interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the EU. The interim financials have not been audited.

Fortum's Annual General Meeting is planned to take place on 25 March 2010 and the planned dividend related dates for 2010 are:

- Ex-dividend date 26 March 2010
- Record date for dividend payment 30 March 2010
- Dividend payment date 8 April 2010

The annual report for 2009 will be published before the end of week 9.

Publication of results in 2010:

- Financial statements bulletin for January-December 2009 will be published on 3 February 2010 at approximately 09.00 EET.
- Interim Report January-March will be published on 27 April 2010 at approx. 09.00 EET.
- Interim Report January-June will be published on 16 July 2010 at approx. 09.00 EET.
- Interim Report January-September will be published on 21 October 2010 at approx. 09.00 EET.

Distribution:

NASDAQ OMX Helsinki

Key media

www.fortum.com

Information on the full-year report, including detailed quarterly information, is available on Fortum's website at www.fortum.com/investors.

FORTUM GROUP

JANUARY-SEPTEMBER 2009

Interim Financial Statements are unaudited

CONDENSED CONSOLIDATED INCOME STATEMENT

MEUR	Note	Q3 2009	Q3 2008	Q1-Q3 2009	Q1-Q3 2008	2008	Last twelve months
Sales	4	1 046	1 272	3 872	4 034	5 636	5 474
Other income		-10	56	21	75	230	176
Materials and services		-352	-479	-1 419	-1 465	-2 117	-2 071
Employee benefit costs		-113	-156	-368	-429	-587	-526
Depreciation, amortisation and impairment charges	4, 12	-128	-137	-374	-383	-515	-506
Other expenses		-157	-161	-472	-480	-684	-676
Operating profit		286	395	1 260	1 352	1 963	1 871
Share of profit/loss of associates and joint ventures	4, 13	3	8	-1	78	126	47
Interest expense		-56	-100	-188	-255	-351	-284
Interest income		23	33	76	77	143	142
Fair value gains and losses on financial instruments		-8	8	5	5	-11	-11
Other financial expenses - net		-6	-7	-21	-12	-20	-29
Finance costs - net		-47	-66	-128	-185	-239	-182
Profit before income tax		242	337	1 131	1 245	1 850	1 736
Income tax expense	9	-39	-69	-211	-256	-254	-209
Profit for the period		203	268	920	989	1 596	1 527
Attributable to:							
Owners of the parent company		211	284	906	979	1 542	1 469
Non-controlling interests		-8	-16	14	10	54	58
		203	268	920	989	1 596	1 527
Earnings per share (in €per share)							
	10						
Basic		0.24	0.32	1.02	1.10	1.74	1.65
Diluted		0.24	0.32	1.02	1.10	1.74	1.65

Condensed consolidated statement of comprehensive income

MEUR	Q3 2009	Q3 2008	Q1-Q3 2009	Q1-Q3 2008	2008	2007
Profit for the period	203	268	920	989	1 596	1 608
Other comprehensive income:						
Cash flow hedges						
Fair value gains/losses in the period	221	265	131	-89	453	-167
Transfers to income statement	-71	23	-154	89	160	-69
Transfers to inventory/fixed assets	-1	-1	-2	0	-4	-
Tax effect	-39	-76	8	0	-168	64
Net investment hedges						
Fair value gains/losses in the period	-6	-	-8	-	-	2
Tax effect	2	-	2	-	-	-
Available for sale financial assets						
Fair value losses in the period	-	-	-	-	-1	-
Exchange differences on translating foreign operations	75	3	-52	-53	-621	-36
Share of other comprehensive income of associates ¹⁾	40	-89	1	-518	-628	366
Other changes	1	-	-6	-	1	6
Other comprehensive income for the period, net of tax	222	125	-80	-571	-808	166
Total comprehensive income for the year	425	393	840	418	788	1 774
Total comprehensive income attributable to:						
Owners of the parent	420	422	832	422	797	1 731
Non-controlling interests	5	-29	8	-4	-9	43
	425	393	840	418	788	1 774
1) Of which fair value change in Hafslund ASAs shareholding in REC incl. translation differences	32	-90	4	-527	-667	353

CONDENSED CONSOLIDATED BALANCE SHEET

MEUR	Note	Sept 30 2009	Sept 30 2008	Dec 31 2008
ASSETS				
Non-current assets				
Intangible assets	12	365	427	395
Property, plant and equipment	12	12 683	13 037	12 138
Participations in associates and joint ventures	4, 13	2 194	2 331	2 112
Share in State Nuclear Waste Management Fund	16	588	561	566
Other non-current assets		125	72	117
Deferred tax assets		7	0	2
Derivative financial instruments	6	319	242	445
Long-term interest-bearing receivables		908	827	742
Total non-current assets		17 189	17 497	16 517
Current assets				
Inventories		463	358	444
Derivative financial instruments	6	380	368	761
Trade and other receivables		712	1 144	1 235
Bank deposits		395	516	588
Cash and cash equivalents		420	663	733
Liquid funds	15	815	1 179	1 321
Total current assets		2 370	3 049	3 761
Total assets		19 559	20 546	20 278
EQUITY				
Equity attributable to owners of the parent				
Share capital	14	3 046	3 043	3 044
Share premium		73	73	73
Retained earnings		4 281	4 263	4 312
Other equity components		496	200	525
Total		7 896	7 579	7 954
Non-controlling interests		432	478	457
Total equity		8 328	8 057	8 411
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities	15	6 531	6 776	6 520
Derivative financial instruments	6	173	177	120
Deferred tax liabilities		1 810	1 810	1 851
Nuclear provisions	16	588	561	566
Pension and other provisions		262	290	250
Other non-current liabilities		461	464	470
Total non-current liabilities		9 825	10 078	9 777
Current liabilities				
Interest-bearing liabilities	15	325	923	980
Derivative financial instruments	6	266	331	126
Trade and other payables		815	1 157	984
Total current liabilities		1 406	2 411	2 090
Total liabilities		11 231	12 489	11 867
Total equity and liabilities		19 559	20 546	20 278

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	Share capital premium	Share	Retained earnings	Other equity components			Owners of parent company	Non-controlling interests	Total equity	
			Retained earnings and other funds	Translation of foreign operations	Cash flow hedges	Other OCI items	OCI items associated companies			
MEUR										
Total equity at 31.12.2008	3 044	73	4 888	-576	321	36	168	7 954	457	8 411
Net profit for the period			906					906	14	920
Translation differences				-59	-5		25	-39	7	-32
Other comprehensive income			-2		-3	-6	-24	-35	-13	-48
Total comprehensive income for the period			904	-59	-8	-6	1	832	8	840
Cash dividend ¹⁾			-888					-888		-888
Dividends to non-controlling interests								0	-19	-19
Changes due to business combinations			-4					-4	-14	-18
Stock options exercised ²⁾	2		16			-16		2		2
Total equity at 30.09.2009	3 046	73	4 916	-635	313	14	169	7 896	432	8 328
Total equity at 31.12.2007	3 040	73	4 552	-21	-120	35	800	8 359	292	8 651
Net profit for the period			979					979	10	989
Translation differences				-40	-2		-36	-78	-13	-91
Other comprehensive income					3		-482	-479	-1	-480
Total comprehensive income for the period			979	-40	1	0	-518	422	-4	418
Cash dividend ¹⁾			-1 198					-1 198		-1 198
Dividends to non-controlling interests								0	-20	-20
Changes due to business combinations			-9				2	-7	210	203
Stock options exercised	3							3		3
Total equity at 30.09.2008	3 043	73	4 324	-61	-119	37	282	7 579	478	8 057
Total equity at 31.12.2007	3 040	73	4 552	-21	-120	35	800	8 359	292	8 651
Net profit for the period			1 542					1 542	54	1 596
Translation differences				-555			-148	-703	-66	-769
Other comprehensive income					441	1	-484	-42	3	-39
Total comprehensive income			1 542	-555	441	1	-632	797	-9	788
Cash dividend ¹⁾			-1 198					-1 198		-1 198
Dividends to non-controlling interests								0	-18	-18
Changes due to business combinations			-8					-8	192	184
Stock options exercised	4							4		4
Total equity at 31.12.2008	3 044	73	4 888	-576	321	36	168	7 954	457	8 411

1) See Note 11 Dividend per share.

2) Accounting effect of the last stock option program (2002B) upon ending of the subscription period on 1 May 2009.

Starting from Q1 2009 Fortum has implemented IAS 1 (revised) Presentation of financial statements, see Note 2 Accounting policies. The consolidated statement of changes in total equity has changed format. Comparison numbers have been reclassified to be in line with the new format.

Translation differences¹⁾

Translation differences impacted equity attributable to owners of the parent company with EUR -39 million in Q1-Q3 2009, mainly due to the weakening RUB. Part of the translation differences is arising from the NOK effect in fair valuation of Hafslund's REC shares, EUR 19 million, which is shown together with the change in fair value in OCI items associated companies.

Cash flow hedges

The impact on equity attributable to owners of the parent company from fair valuation of cash flow hedges, EUR -8 million in Q1-Q3 2009, mainly relates to cash flow hedges hedging electricity price for future transactions. When electricity price is higher than the hedging price, the impact on equity is negative.

*) Translation of financial information from subsidiaries in foreign currency is done using average rate for the income statement and end rate for the balance sheet. The exchange rate differences occurring from translation to EUR are booked to equity. For information regarding exchange rates used, see Note 8 Exchange rates.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

MEUR	Note	Q3 2009	Q3 2008	Q1-Q3 2009	Q1-Q3 2008	2008	Last twelve months
Cash flow from operating activities							
Operating profit before depreciations (EBITDA)		414	532	1 634	1 735	2 478	2 377
Non-cash flow items and divesting activities		31	-56	50	-38	-275	-187
Financial items and realised foreign exchange gains and losses		-51	-13	248	-93	233	574
Taxes		-74	-79	-205	-279	-332	-258
Funds from operations		320	384	1 727	1 325	2 104	2 506
Change in working capital		22	17	141	115	-102	-76
Total net cash from operating activities		342	401	1 868	1 440	2 002	2 430
Cash flow from investing activities							
Capital expenditures ¹⁾	4, 12	-228	-301	-579	-680	-1 018	-917
Acquisition of subsidiaries, net of cash acquired	7	-3	-442	-25	-1 206	-1 210	-29
Acquisition of associates ²⁾	13	-1	0	-32	-8	-32	-56
Acquisition of other long-term investments		-1	0	-2	-1	-1	-2
Proceeds from sales of fixed assets		27	4	38	9	37	66
Proceeds from sales of subsidiaries, net of cash disposed	7	-1	1	10	1	44	53
Proceeds from sales of associates	13	1	24	1	24	34	11
Proceeds from sales of other non-current assets		0	0	1	0	0	1
Change in interest-bearing receivables		-33	-28	-65	-78	-136	-123
Total net cash used in investing activities		-239	-742	-653	-1 939	-2 282	-996
Cash flow before financing activities		103	-341	1 215	-499	-280	1 434
Cash flow from financing activities							
Net change in loans		-722	257	-757	2 578	2 621	-714
Dividends paid to the Company's equity holders		-	0	-888	-1 198	-1 198	-888
Other financing items		-4	-10	-12	-134	-103	19
Total net cash used in financing activities		-726	247	-1 657	1 246	1 320	-1 583
Total net increase (+)/decrease (-) in liquid funds		-623	-94	-442	747	1 040	-149
Liquid funds at the beginning of the period		1 440	1 247	1 321	427	427	1 179
Foreign exchange differences in liquid funds		-2	26	-64	5	-146	-215
Liquid funds at the end of the period		815	1 179	815	1 179	1 321	815

¹⁾ Capital expenditures in cash flow do not include investments not yet paid. Capitalised borrowing costs are included in interest costs paid.

²⁾ Acquisition of associates include share issues.

Change in net debt	Q3 2009	Q3 2008	Q1-Q3 2009	Q1-Q3 2008	2008	Last twelve months
Net debt beginning of the period	6 004	6 254	6 179	4 466	4 466	6 520
Foreign exchange rate differences	107	-92	151	-94	-203	42
EBITDA	414	532	1 634	1 735	2 478	2 377
Paid net financial costs, taxes and adjustments for non-cash and divestment items	-94	-148	93	-410	-374	129
Change in working capital	22	17	141	115	-102	-76
Capital expenditures	-228	-301	-579	-680	-1 018	-917
Acquisitions	-5	-442	-59	-1 215	-1 243	-87
Divestments	27	29	50	34	115	131
Change in interest-bearing receivables	-33	-28	-65	-78	-136	-123
Dividends	-	-	-888	-1 198	-1 198	-888
Other financing activities	-4	-10	-12	-134	-103	19
Net cash flow (- increase in net debt)	99	-351	315	-1 831	-1 581	565
Loans in acquired companies	-	-	-	272	272	-
Fair value change of bonds and amortised cost valuation	29	7	26	45	63	44
Net debt end of period	6 041	6 520	6 041	6 520	6 179	6 041

KEY RATIOS

MEUR	Sept 30 2009	June 30 2009	March 31 2009	Dec 31 2008	Sept 30 2008	June 30 2008	March 31 2008	Last twelve months
EBITDA, MEUR	1 634	1 220	721	2 478	1 735	1 203	720	2 377
Earnings per share (basic), EUR	1.02	0.78	0.46	1.74	1.10	0.78	0.51	1.65
Capital employed, MEUR	15 184	15 347	17 404	15 911	15 756	15 593	16 868	15 184
Interest-bearing net debt, MEUR	6 041	6 004	5 634	6 179	6 520	6 254	5 228	N/A
Capital expenditure and gross investments in shares, MEUR	634	412	181	2 624	2 210	1 459	1 227	1 048
Capital expenditure, MEUR	571	352	150	1 108	716	408	175	963
Return on capital employed, % ¹⁾	11.4	13.1	14.5	15.0	13.7	14.6	17.3	13.2
Return on shareholders' equity, % ¹⁾	14.6	17.4	19.6	18.7	15.7	17.2	21.0	18.6
Net debt / EBITDA ¹⁾	2.8	2.5	2.0	2.5	2.8	2.6	1.8	2.5
Interest coverage	11.3	12.3	16.0	9.4	7.6	8.6	14.1	13.1
Interest coverage including capitalised borrowing costs	9.5	10.5	12.9	8.6	7.1	8.1	13.8	10.9
Funds from operations/interest-bearing net debt, % ¹⁾	35.7	38.9	45.1	34.1	27.1	30.1	42.9	41.5
Gearing, %	73	76	65	73	81	77	56	N/A
Equity per share, EUR	8.89	8.42	9.34	8.96	8.49	8.08	9.53	N/A
Equity-to-assets ratio, %	43	41	40	41	39	39	44	N/A
Number of employees	12 054	13 586	14 267	15 579	15 785	16 069	15 689	N/A
Average number of employees	13 737	14 310	14 644	14 077	13 585	12 603	8 356	N/A
Average number of shares, 1 000 shares	888 230	888 230	888 095	887 256	887 241	887 131	887 085	888 026
Diluted adjusted average number of shares, 1 000 shares	888 230	888 230	888 250	887 839	887 986	888 165	888 177	888 026
Number of registered shares, 1 000 shares	888 367	888 367	888 166	887 638	887 517	887 191	887 123	N/A

¹⁾ Quarterly figures are annualised.

For definitions, see Note 24.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the EU. The condensed interim financial report should be read in conjunction with the consolidated financial statements as at and for the year ended 31 December 2008. The interim financials have not been audited.

2. ACCOUNTING POLICIES

The same accounting policies and presentation have been followed in these condensed interim financial statements as were applied in the preparation of the consolidated financial statements as at and for the year ended 31 December 2008, except for the effects of the adoption of the standards described below:

- IAS 23 (amendment) Borrowing costs

The revised standard requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The option of immediately expensing those borrowing costs is removed. The adoption of the revised IAS 23 changed slightly Fortum's accounting policy for capitalising borrowing costs as previously only borrowings costs meeting determined criteria were capitalised. Fortum has applied the revised IAS 23 to qualifying assets for which capitalisation of borrowing costs commences on or after 1 January 2009. The change did not have a material effect on the reported results or financial position.

- IAS 1 (revised) Presentation of financial statements

IAS 1 (revised) changed the terminology and presentation of the income statement and the statement of changes in equity. The standard requires to separate changes in equity of an entity arising from transactions with owners from other changes in equity. The adoption of the standard had no impact on Fortum's reported results or financial position.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expense. Annual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2008.

4. SEGMENT INFORMATION

SALES

MEUR	Q3 2009	Q3 2008	Q1-Q3 2009	Q1-Q3 2008	2008	Last twelve months
Power sales excluding indirect taxes	717	837	2 315	2 405	3 291	3 201
Heating sales	160	196	887	858	1 298	1 327
Network transmissions	157	162	547	553	746	740
Other sales	12	77	123	218	301	206
Total	1 046	1 272	3 872	4 034	5 636	5 474

SALES BY SEGMENT

MEUR	Q3 2009	Q3 2008	Q1-Q3 2009	Q1-Q3 2008	2008	Last twelve months
Power Generation	587	718	1 917	2 156	2 892	2 653
- of which internal	53	-79	196	-5	0	201
Heat	176	226	937	1 003	1 466	1 400
- of which internal	2	-4	14	3	0	11
Distribution	168	171	573	583	789	779
- of which internal	2	2	6	7	10	9
Markets	272	461	1 039	1 391	1 922	1 570
- of which internal	9	61	39	127	177	89
Russia	109	140	429	292	489	626
- of which internal	0	-	0	-	0	0
Other	18	21	55	62	83	76
- of which internal	18	20	53	61	82	74
Netting of Nord Pool transactions ¹⁾	-200	-465	-770	-1 260	-1 736	-1 246
Eliminations	-84	0	-308	-193	-269	-384
Total	1 046	1 272	3 872	4 034	5 636	5 474

¹⁾ Sales and purchases with Nord Pool is netted on Group level on an hourly basis and posted either as revenue or cost depending on if Fortum is a net seller or net buyer during any particular hour.

OPERATING PROFIT BY SEGMENT

MEUR	Q3 2009	Q3 2008	Q1-Q3 2009	Q1-Q3 2008	2008	Last twelve months
Power Generation	278	438	1 005	1 129	1 599	1 475
Heat	-12	-15	140	152	307	295
Distribution	47	50	182	187	248	243
Markets	7	-17	3	-6	-35	-26
Russia	-22	-39	-33	-72	-91	-52
Other	-12	-22	-37	-38	-65	-64
Total	286	395	1 260	1 352	1 963	1 871

COMPARABLE OPERATING PROFIT BY SEGMENT

MEUR	Q3 2009	Q3 2008	Q1-Q3 2009	Q1-Q3 2008	2008	Last twelve months
Power Generation	310	371	1 075	1 150	1 528	1 453
Heat	-14	-7	124	141	250	233
Distribution	47	49	182	185	248	245
Markets	7	-8	11	-33	-33	11
Russia	-22	-39	-33	-72	-92	-53
Other	-12	-13	-41	-34	-56	-63
Comparable operating profit	316	353	1 318	1 337	1 845	1 826
Non-recurring items	7	15	21	17	85	89
Other items effecting comparability	-37	27	-79	-2	33	-44
Operating profit	286	395	1 260	1 352	1 963	1 871

NON-RECURRING ITEMS BY SEGMENT

MEUR	Q3 2009	Q3 2008	Q1-Q3 2009	Q1-Q3 2008	2008	Last twelve months
Power Generation	1	11	6	11	18	13
Heat	6	2	15	4	64	75
Distribution	0	2	0	2	2	0
Markets	0	0	0	-	0	0
Russia	0	0	0	0	1	1
Other	0	0	0	0	0	0
Total	7	15	21	17	85	89

Non-recurring items mainly include capital gains and losses.

OTHER ITEMS EFFECTING COMPARABILITY BY SEGMENT

MEUR	Q3 2009	Q3 2008	Q1-Q3 2009	Q1-Q3 2008	2008	Last twelve months
Power Generation ¹⁾	-33	56	-76	-32	53	9
Heat	-4	-10	1	7	-7	-13
Distribution	0	-1	0	0	-2	-2
Markets	0	-9	-8	27	-2	-37
Russia	0	-	0	-	0	0
Other	0	-9	4	-4	-9	-1
Total	-37	27	-79	-2	33	-44

¹⁾ Including effects from the accounting of Fortum's part of

the Finnish State Nuclear Waste Management Fund with (EUR million):

-5	10	-26	-7	-19	-38
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Other items effecting comparability mainly include effects from financial derivatives hedging future cash-flows where hedge accounting is not applied according to IAS 39. In Power Generation segment there are also effects from the accounting of Fortum's part of the Finnish State Nuclear Waste Management Fund where the asset in the balance sheet cannot exceed the related liabilities according to IFRIC interpretation 5.

DEPRECIATION, AMORTISATION AND IMPAIRMENT CHARGES BY SEGMENT

MEUR	Q3 2009	Q3 2008	Q1-Q3 2009	Q1-Q3 2008	2008	Last twelve months
Power Generation	24	24	69	73	97	93
Heat	41	45	117	128	169	158
Distribution	42	41	122	124	165	163
Markets	1	2	4	6	7	5
Russia	18	23	55	45	67	77
Other	2	2	7	7	10	10
Total	128	137	374	383	515	506

SHARE OF PROFIT/LOSS IN ASSOCIATES AND JOINT VENTURES BY SEGMENT

MEUR	Q3 2009	Q3 2008	Q1-Q3 2009	Q1-Q3 2008	2008	Last twelve months
Power Generation ^{1), 2)}	-9	-6	-20	-13	26	19
Heat	6	0	18	8	12	22
Distribution	-1	2	8	13	16	11
Markets	0	4	1	5	5	1
Russia	1	1	6	19	19	6
Other	6	7	-14	46	48	-12
Total	3	8	-1	78	126	47

¹⁾ Including effects from the accounting of Fortum's associates part of

Finnish and Swedish Nuclear Waste Management Funds with (EUR million):

1	2	-5	-5	9	9
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²⁾ The main part of the associated companies in Power Generation are power production companies from which Fortum purchases produced electricity at production costs including interest costs and income taxes.

PARTICIPATIONS IN ASSOCIATES AND JOINT VENTURES BY SEGMENT

MEUR	Sept 30 2009	Sept 30 2008	Dec 31 2008
Power Generation	878	775	818
Heat	173	155	160
Distribution	226	232	210
Markets	12	12	12
Russia	404	477	429
Other	501	680	483
Total	2 194	2 331	2 112

CAPITAL EXPENDITURE BY SEGMENT

MEUR	Q3 2009	Q3 2008	Q1-Q3 2009	Q1-Q3 2008	2008	Last twelve months
Power Generation	20	35	64	85	134	113
Heat	91	95	258	264	408	402
Distribution ¹⁾	48	70	127	203	296	220
Markets	0	0	1	3	3	1
Russia	58	107	117	152	256	221
Other	2	1	4	9	11	6
Total	219	308	571	716	1 108	963
Of which capitalised borrowing costs	7	7	21	14	21	28

1) Decrease is mainly due to the finalisation of installation of new meters in Fortum's network areas in Sweden (Automatic Meter Management, AMM).

GROSS INVESTMENTS IN SHARES BY SEGMENT

MEUR	Q3 2009	Q3 2008	Q1-Q3 2009	Q1-Q3 2008	2008	Last twelve months
Power Generation	0	0	56	0	0	56
Heat	0	1	0	23	23	0
Distribution	3	0	3	0	0	3
Markets	0	0	0	0	0	0
Russia	0	441	3	1 470	1 492	25
Other	0	1	1	1	1	1
Total	3	443	63	1 494	1 516	85

Gross investments in shares in Q1-Q3 2009 comprise mainly of Hafslund Infratek ASA shares acquired in January 2009 and additional share capital to be paid to Teollisuuden Voima Oyj. See Note 13.

NET ASSETS BY SEGMENT

MEUR	Sept 30 2009	Sept 30 2008	Dec 31 2008
Power Generation	5 527	5 396	5 331
Heat	3 655	3 595	3 468
Distribution	3 248	3 265	3 032
Markets	85	229	188
Russia	2 098	2 420	2 205
Other	338	823	796
Total	14 951	15 728	15 020

RETURN ON NET ASSETS BY SEGMENT

%	Last twelve months	Dec 31 2008
Power Generation	27.6	29.6
Heat	8.9	8.9
Distribution	8.1	8.1
Markets	-17.0	-14.0
Russia	-2.1	-3.7
Other	-12.3	-1.8

COMPARABLE RETURN ON NET ASSETS BY SEGMENT

%	Last twelve months	Dec 31 2008
Power Generation	27.2	28.0
Heat	7.2	7.3
Distribution	8.1	8.2
Markets	9.3	-15.3
Russia	-2.1	-3.8
Other	-19.7	-1.7

Return on net assets is calculated by dividing the sum of operating profit and share of profit of associated companies and joint ventures with average net assets. Average net assets are calculated using the opening balance and end of each quarter values.

ASSETS BY SEGMENTS

	Sept 30 2009	Sept 30 2008	Dec 31 2008
MEUR			
Power Generation	6 018	6 032	5 732
Heat	4 000	3 949	3 923
Distribution	3 692	3 766	3 546
Markets	521	631	663
Russia	2 356	2 691	2 476
Other	625	927	997
Assets included in Net assets	17 212	17 996	17 337
Interest-bearing receivables	913	826	799
Deferred taxes	7	0	2
Other assets	612	545	819
Liquid funds	815	1 179	1 321
Total assets	19 559	20 546	20 278

LIABILITIES BY SEGMENTS

	Sept 30 2009	Sept 30 2008	Dec 31 2008
MEUR			
Power Generation	491	636	401
Heat	345	354	455
Distribution	444	501	514
Markets	436	402	475
Russia	258	271	271
Other	287	104	201
Liabilities included in Net assets	2 261	2 268	2 317
Deferred tax liabilities	1 810	1 810	1 851
Other liabilities	304	712	199
Total liabilities included in Capital employed	4 375	4 790	4 367
Interest-bearing liabilities	6 856	7 699	7 500
Total equity	8 328	8 057	8 411
Total equity and liabilities	19 559	20 546	20 278

Other assets and Other liabilities not included in segment's Net assets consists mainly of income tax receivables and liabilities, accrued interest expenses, derivative receivables and liabilities qualifying as hedges and receivables and liabilities for interest rate derivatives.

	Sept 30 2009	Sept 30 2008	Dec 31 2008
NUMBER OF EMPLOYEES			
Power Generation	3 285	3 564	3 520
Heat	2 121	2 486	2 318
Distribution	1 154	1 336	1 336
Markets	638	629	635
Russia	4 333	7 254	7 262
Other	523	516	508
Total	12 054	15 785	15 579

Number of employees in Fortum decreased during Q1-Q3 2009 mainly due to outsourcing of certain infrastructure functions from Power Generation's Service Business unit and Distribution segment to Hafslund Infratek ASA in Q1 2009 as well as restructuring in Russia segment. Within the Group, a number of people working in OAO Fortum (former TGC-10) were transferred to Power Generation's Service Business unit in Q1 2009.

	Q1-Q3 2009	Q1-Q3 2008	2008
AVERAGE NUMBER OF EMPLOYEES			
Power Generation	3 442	3 606	3 591
Heat	2 210	2 423	2 422
Distribution	1 188	1 189	1 222
Markets	633	804	766
Russia	5 740	5 052	5 566
Other	524	511	510
Total	13 737	13 585	14 077

Average number of employees is based on a monthly average for the whole period in question.

5. QUARTERLY SEGMENT INFORMATION

Extended quarterly information is available on Fortum's website www.fortum.com (about Fortum/investors/financial information).

QUARTERLY SALES BY SEGMENTS

MEUR	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Power Generation	587	625	705	736	718	721	717
- of which internal	53	64	79	5	-79	21	53
Heat	176	248	513	463	226	284	493
- of which internal	2	3	9	-3	-4	-	7
Distribution	168	176	229	206	171	180	232
- of which internal	2	3	1	3	2	2	3
Markets	272	298	469	531	461	411	519
- of which internal	9	8	22	50	61	34	32
Russia	109	136	184	197	140	152	-
- of which internal	0	0	0	-	-	-	-
Other	18	19	18	21	21	21	20
- of which internal	18	18	17	21	20	21	20
Netting of Nord Pool transactions	-200	-212	-358	-476	-465	-369	-426
Eliminations	-84	-96	-128	-76	0	-78	-115
Total	1 046	1 194	1 632	1 602	1 272	1 322	1 440

QUARTERLY OPERATING PROFIT BY SEGMENTS

MEUR	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Power Generation	278	304	423	470	438	260	431
Heat	-12	39	113	155	-15	37	130
Distribution	47	54	81	61	50	51	86
Markets	7	7	-11	-29	-17	31	-20
Russia	-22	-16	5	-19	-39	-33	-
Other	-12	-13	-12	-27	-22	2	-18
Total	286	375	599	611	395	348	609

QUARTERLY COMPARABLE OPERATING PROFIT BY SEGMENTS

MEUR	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Power Generation	310	346	419	378	371	384	395
Heat	-14	26	112	109	-7	27	121
Distribution	47	54	81	63	49	49	87
Markets	7	6	-2	0	-8	-15	-10
Russia	-22	-16	5	-20	-39	-33	-
Other	-12	-16	-13	-22	-13	-9	-12
Total	316	400	602	508	353	403	581

QUARTERLY NON-RECURRING ITEMS BY SEGMENT

MEUR	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Power Generation	1	1	4	7	11	0	0
Heat	6	9	0	60	2	0	2
Distribution	0	0	0	0	2	0	0
Markets	0	0	0	-	0	0	-
Russia	0	0	0	1	0	-	-
Other	0	0	0	0	0	0	0
Total	7	10	4	68	15	0	2

QUARTERLY OTHER ITEMS EFFECTING COMPARABILITY

MEUR	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Power Generation ¹⁾	-33	-43	0	85	56	-124	36
Heat	-4	4	1	-14	-10	10	7
Distribution	0	0	0	-2	-1	2	-1
Markets	0	1	-9	-29	-9	46	-10
Russia	0	0	-	-	-	-	-
Other	0	3	1	-5	-9	11	-6
Total	-37	-35	-7	35	27	-55	26

1) Including effects from the accounting of Fortum's part of the Finnish State Nuclear Waste Management Fund with (EUR million):

-5	-10	-11	-12	10	-8	-9
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6. FINANCIAL RISK MANAGEMENT

The Group has not made any significant change in policies regarding risk management during the period. Aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2008.

The tables below disclose the notional values or volumes and net fair values for the Group's derivatives used in different areas mainly for hedging purposes.

DERIVATIVES

MEUR	Sept 30 2009		Sept 30 2008		Dec 31 2008	
	Notional value MEUR	Net fair value MEUR	Notional value MEUR	Net fair value MEUR	Notional value MEUR	Net fair value MEUR
Interest and currency derivatives						
Interest rate swaps	3 437	41	3 049	-6	2 993	-12
Forward foreign exchange contracts	5 621	-166	4 898	157	4 521	370
Forward rate agreements	49	0	357	0	230	0
Interest rate and currency swaps	1 452	62	2 740	150	2 240	218
Electricity derivatives	Volume	Net fair value MEUR	Volume	Net fair value MEUR	Volume	Net fair value MEUR
	TWh		TWh		TWh	
Sales swaps	165	1 554	147	-850	165	2 102
Purchase swaps	109	-1 205	118	649	123	-1 692
Purchased options	11	-21	5	3	2	0
Written options	13	4	9	-8	4	-14
Oil derivatives	Volume	Net fair value MEUR	Volume	Net fair value MEUR	Volume	Net fair value MEUR
	1000 bbl		1000 bbl		1000 bbl	
Sales swaps and futures	730	2	852	-8	1 047	-14
Purchase swaps and futures	952	-3	882	10	1 230	11
Coal derivatives	Volume	Net fair value MEUR	Volume	Net fair value MEUR	Volume	Net fair value MEUR
	kt		kt		kt	
Sold	825	2	345	-3	276	7
Bought	1 329	-11	740	8	641	-16
CO2 emission allowance derivatives	Volume	Net fair value MEUR	Volume	Net fair value MEUR	Volume	Net fair value MEUR
	ktCO2		ktCO2		ktCO2	
Sold	2 269	5	5 099	-12	592	4
Bought	2 250	-5	5 119	13	592	-4
Share derivatives	Notional value	Net fair value MEUR	Notional value	Net fair value MEUR	Notional value	Net fair value MEUR
	MEUR		MEUR		MEUR	
Share forwards ¹⁾	24	19	35	38	35	24

1) Cash-settled share forwards are used as a hedging instrument for Fortum Group's performance share arrangement.

7. ACQUISITIONS AND DISPOSALS

Gross investments in subsidiary shares during Q1-Q3 2009 amounted to EUR 5 million (Q1-Q3 2008: 1,485). During June 2009 OAO Fortum has redeemed additional shares, approximately 0.2%. At the end of September 2009, Fortum's ownership in OAO Fortum was 94.4% including treasury shares and shares held by OAO Fortum's 100% owned subsidiary.

Final purchase price allocation for the acquisition of OAO Fortum

The initial purchase price allocation as of 31 March 2008 has been finalised during Q1 2009 as permitted by International Financial Reporting Standards. No material changes have been made compared to the information disclosed in the Consolidated Financial statements for 2008. The initial purchase price allocation calculated in roubles have been translated into euros by using the exchange rate from the acquisition date. The redeemed shares in 2009 are not included in the purchase consideration disclosed in the table below.

MEUR	OAO Fortum		
Purchase consideration			
Cash paid			2 533
Direct costs relating to the acquisition			8
Total purchase consideration			2 541
Fair value of the acquired assets			2 211
Translation differences			-9
Goodwill			339
Fair value of the acquired net identifiable assets:	Acquired	Allocated	Total
	Book Values	Fair Values	Value
Cash and cash equivalents	1 321		1 321
Property, plant and equipment	625	1 005	1 630
Other assets	182		182
Non-interest-bearing liabilities	-107	-388	-495
Interest-bearing liabilities	-272		-272
Net identifiable assets	1 749	617	2 366
Minority interests	-117	-38	-155
Total	1 632	579	2 211
Gross investment in OAO Fortum:			
Purchase consideration settled in cash			2 541
Cash and cash equivalents in subsidiaries acquired			1 321
Cash outflow on acquisition			1 220
Interest-bearing debt in subsidiaries acquired			272
Total			1 492

Disposals

In January 2009 Fortum and (Norwegian) Hafslund Infratek ASA combined their businesses of construction and operating of infrastructure in Sweden, Finland and Norway. In the transaction Fortum received 33% ownership in the new combined company. For more information see Note 13.

8. EXCHANGE RATES

The balance sheet date rate is based on exchange rate published by the European Central Bank for the closing date. The average exchange rate is calculated as an average of each months ending rate from the European Central Bank during the year and ending rate previous year.

Key exchange rates for Fortum Group applied in the accounts:

Average rate	Jan-Sept 2009	Jan-June 2009	Jan-March 2009	Jan-Dec 2008	Jan-Sept 2008	Jan-June 2008	Jan-March 2008
Sweden (SEK)	10.6830	10.8633	10.9679	9.6647	9.4559	9.4088	9.4265
Norway (NOK)	8.8817	9.0049	9.1034	8.2605	8.0187	7.9843	7.9998
Poland (PLN)	4.3827	4.4764	4.5018	3.5328	3.4402	3.4926	3.5676
Russia (RUB)	44.2745	44.1087	44.3928	36.6905	36.5670	36.6348	36.4660
Balance sheet date rate	Sept 30 2009	June 30 2009	March 31 2009	Dec 31 2008	Sept 30 2008	June 30 2008	March 31 2008
Sweden (SEK)	10.2320	10.8125	10.9400	10.8700	9.7943	9.4703	9.3970
Norway (NOK)	8.4600	9.0180	8.8900	9.7500	8.3330	8.0090	8.0510
Poland (PLN)	4.2295	4.4520	4.6885	4.1535	3.3967	3.3513	3.5220
Russia (RUB)	43.9800	43.8810	45.0320	41.2830	36.4095	36.9477	37.1130

9. INCOME TAX EXPENSE

Tax rate according to the income statement for the period January to September 2009 was 18.7% (20.6%). The tax rate for the period is lower than in the comparable period 2008 mainly due to the impact of the lower tax rates in Sweden and Russia.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The tax rate used in the income statement is always impacted by the fact that share of profits of associates and joint ventures is recorded based on Fortum's share of profits after tax. The tax rate for the period calculated excluding the share of profits from associates and joint ventures was 18.6% (22.0%). The tax rate is impacted by the lowering of corporate tax rates in Sweden and Russia.

The tax rate for the full year 2008, excluding the impact of tax rate changes, non taxable capital gains and share of profits of associated companies was 22.1%.

10. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following data:

	Q1-Q3 2009	Q1-Q3 2008	2008
Earnings (MEUR):			
Profit attributable to the owners of the parent	906	979	1 542
Number of shares (thousands):			
Weighted average number of shares for the purpose of basic earnings per share	888 230	887 241	887 256
Effect of dilutive share options	-	745	583
Weighted average number of shares for the purpose of diluted earnings per share	888 230	887 986	887 839

11. DIVIDEND PER SHARE

A dividend in respect of 2008 of EUR 1.00 per share, amounting to EUR 888 million based on the number of shares registered as of 14 April 2009, was decided at the Annual General Meeting on 7 April 2009. The dividend was paid on 21 April 2009.

The Annual General Meeting on 1 April 2008 decided to distribute a dividend in respect of 2007 of EUR 1.35 per share to the shareholders of which EUR 0.77 per share was paid from Fortum's recurring earnings and EUR 0.58 per share as additional dividend in order to steer the company's capital structure towards the target. The total dividend was EUR 1,198 million based on the amount of shares registered as of 4 April 2008. The dividend was paid out 11 April 2008.

12. CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

MEUR	Sept 30 2009	Sept 30 2008	Dec 31 2008
Opening balance	12 533	11 428	11 428
Increase through acquisition of subsidiary companies	1	1 999	1 980
Capital expenditures	571	716	1 108
Changes of nuclear asset retirement cost	2	21	22
Changes of emission rights	-12	-	14
Disposals	-23	-4	-14
Depreciation, amortisation and impairment	-374	-383	-515
Sale of subsidiary companies	-5	-	-31
Translation differences and other adjustments	355	-313	-1 459
Closing balance	13 048	13 464	12 533
Goodwill included in Closing balance	280	338	298
Change in goodwill during the period due to translation differences	-18	-4	-43

13. CHANGES IN PARTICIPATIONS IN ASSOCIATES AND JOINT VENTURES

MEUR	Sept 30 2009	Sept 30 2008	Dec 31 2008
Opening balance	2 112	2 853	2 853
Share of profits of associates and joint ventures	-1	78	126
Investments	32	7	7
Share issues and shareholders' contributions	25	1	1
Increase through acquisition of subsidiary companies	-	27	36
Reclassifications	-6	-1	-3
Divestments	0	-12	-13
Dividend income received	-23	-50	-51
OCI items associated companies	1	-518	-628
Translation differences	54	-54	-216
Closing balance	2 194	2 331	2 112

Share of profits from associates and joint ventures

Share of profits from associates in Q3 2009 was EUR 3 million (2008: 8) of which Fortum's share of profits in Hafslund ASA was EUR 6 million (2008: 7). For the period from January to September 2009 Fortum's share of profits from associates was -1 million (2008: 78). Fortum's share of profits for the full year 2008 amounted to EUR 126 million, of which Hafslund represented EUR 48 million. According to Fortum Group accounting policies the share of profits from Hafslund has been included in Fortum Group figures based on the previous quarter information since updated interim information is not normally available.

Share of profits in Q3 includes EUR 5 million (2008: 18) regarding TGC-1. Fortum accounts for the share of profits once a year in Q2 based on the published IFRS Financial Statements for the previous year.

Investments and share issues

Fortum and (Norwegian) Hafslund Infratek ASA combined their businesses of construction and operating of infrastructure in Sweden, Finland and Norway at the beginning of 2009. Fortum received newly issued shares in Hafslund Infratek ASA and 33% ownership in the new combined company.

Teollisuuden Voima Oyj's (TVO) Annual General meeting decided to raise company's share capital by EUR 100 million of which Fortum's share is EUR 25 million. Increase in Fortum's participation in TVO was booked in Q2 2009.

Dividends received

Until Q3 2009 Fortum has received EUR 23 million (2008: 50) in dividends from associates of which EUR 17 million (2008: 25) was received from Hafslund.

OCI items in associated companies

OCI items in associated companies mainly represents the fair value change in Hafslund's shareholding in REC. In Q3 the fair value change of the REC shares was EUR 32 million (2008: -90) and the fair value change since year-end was EUR 4 million (2008: -527). The cumulative fair value change in Fortum's equity, based on the remaining number of shares reported by Hafslund, was EUR 130 million at 30 September 2009 which represents an increase with EUR 32 million during Q3 2009.

14. SHARE CAPITAL

MEUR	Number of shares Sept 30 2009	Share capital Sept 30 2009	Number of shares Sept 30 2008	Share capital Sept 30 2008	Number of shares Dec 31 2008	Share capital Dec 31 2008
Registered shares at 1 January	887 638 080	3 044	886 683 058	3 040	886 683 058	3 040
Shares subscribed with options and registered at the end of the period	728 965	2	834 372	3	955 022	4
Registered shares at the end of the period	888 367 045	3 046	887 517 430	3 043	887 638 080	3 044
Unregistered shares	-		3 000		56 000	

There are no unexercised stock options remaining on September 30 2009.

15. INTEREST-BEARING LIABILITIES

During the first quarter Fortum Oyj issued a dual-tranche Euro Bond of EUR 750 million due 2014 and EUR 750 million due 2019 under Fortum's Euro Medium-Term Note Program. The amount of re-borrowing from the Finnish nuclear waste fund was increased by EUR 66 million to EUR 774 million. During the first quarter EUR 300 million under the EUR 1.5 billion 5 year revolving Credit Facility and a OAO Fortum (former TGC-10) RUB 5,000 million bond (EUR 112 million) were repaid.

During the second quarter Fortum completed three major long term financing transactions, a dual-tranche Private Placement of NOK 500 million due 2014 and NOK 500 million due 2017 (totally EUR 110 million) as well as two bilateral loan transactions; a 10 year loan of EUR 240 million from Varma Mutual Insurance Company and a 10 year loan of EUR 250 million from the European Investment Bank. The proceeds for these new financing arrangements will be used for financing of Fortum's investment program as well as for general corporate purposes.

During the second quarter Fortum Oyj repaid maturing bonds issued in 2006 of SEK 2,500 million (EUR 231 million) as well as amortized EUR 1,000 million of a 3 year EUR 2,000 million Term-loan and all drawn amounts (EUR 300 million) under the EUR 1,500 million 5 year Revolving Credit Facility. Both facilities raised in March 2008 in connection with the acquisition of OAO Fortum (TGC-10). In June OAO Fortum repaid RUB 2,937 million (EUR 67 million) of local bond financing.

During the third quarter Fortum Oyj amortised twice on the 3 year EUR 2,000 million Term-loan. Amortisations were EUR 400 million and EUR 250 million. The outstanding amount on the Term loan after all amortisations is 350 million. No major new financing transactions were made in the Group during the third quarter.

Fortum Oyj also uses short term financing by issuing Commercial Papers (CPs) in the Finnish and Swedish markets. At 30 September 2009 the amount of short term CPs outstanding was EUR 235 million.

The reported interest-bearing debt decreased during the third quarter by EUR 588 million from EUR 7,444 million to EUR 6,856 million. Total liquid funds decreased by EUR 625 million from EUR 1,440 million to EUR 815 million. Liquid funds included deposits and cash held by OAO Fortum amounting to EUR 703 million.

Fortum is a shareholder in Teollisuuden Voima Oyj (TVO), a nuclear generation company operating two reactors in Olkiluoto, Finland. TVO is in the process of building a third reactor, Olkiluoto 3, which is planned to start operating in 2012. In late March, TVO's shareholders signed a EUR 300 million subordinated shareholder's loan commitment to TVO. The facility will be available until the end of 2013. Fortum's share of this commitment is maximum EUR 75 million.

Dividends both in 2009, EUR 888 million, and in 2008, EUR 1,198 million, were paid in Q2 the respective year.

16. NUCLEAR RELATED ASSETS AND LIABILITIES

MEUR	Sept 30 2009	Sept 30 2008	Dec 31 2008
Carrying values in the balance sheet:			
Nuclear provisions	588	561	566
Share in the State Nuclear Waste Management Fund	588	561	566
Legal liability and actual share of the State Nuclear Waste Management Fund:			
Liability for nuclear waste management according to the Nuclear Energy Act	895	816	895
Funding obligation target	767	698	767
Fortum's share of the State Nuclear Waste Management Fund	767	698	728

Nuclear related provisions

Fortum has submitted the yearly proposal for the nuclear waste management liability regarding the Loviisa nuclear power plant to the Ministry of Employment and the Economy. The liability regarding the Loviisa nuclear power plant is calculated according to the Nuclear Energy Act and will be decided by Ministry of Employment and the Economy by the end of January 2010. The liability is based on an updated cost estimate, which is done every year, and on a technical plan, which is made every third year and was updated last time in 2007. The legal liability at 30 September 2009, based on the decision by the Ministry of Employment and the Economy in January 2009 amounted to EUR 895 million. The legal liability at the end of 2009, based on the proposal to the Ministry of Employment and the Economy is EUR 913 million.

The provision in the balance sheet related to nuclear waste management is based on cash flows for future costs which uses the same basis as the legal liability. The carrying value of the nuclear provision, calculated according to IAS37, has increased by EUR 27 million compared to 31 December 2008, totalling EUR 588 million as of 30 September 2009. The main reason for the difference between the carrying value of the provision and the legal liability is the fact that the legal liability is not discounted to net present value.

Fortum's share in the State Nuclear Waste Management Fund

Fortum contributes funds to the State Nuclear Waste Management Fund based on the yearly funding obligation target decided by the governmental authorities in January each year in connection with the decision of size of the legal liability. The funding obligation target based on the decided legal liability and approved periodising of the payments to the Fund is EUR 767 million. The Fund is from an IFRS perspective overfunded with EUR 179 million, since Fortum's share of the Fund as of 30 September 2009 is EUR 767 million and the carrying value in the balance sheet is EUR 588 million.

Effects to comparable operating profit and operating profit

Operating profit in Power Generation segment is affected by the accounting principle for Fortum's share of the Finnish Nuclear Waste Management Fund, since the carrying value of the Fund in Fortum's balance sheet can in maximum be equal to the amount of the provisions according to IFRS. As long as the Fund is overfunded from an IFRS perspective, the effects to operating profit from this adjustment will be positive if the provisions increase more than the Fund and negative if actual value of the fund increases more than the provisions. This accounting effect is not included in Comparable operating profit in Fortum financial reporting, see Other items effecting comparability in Note 4. Fortum had an effect from this adjustment in Q3 2009 of EUR -5 million, compared to EUR +10 million in Q3 2008. The cumulative effect 2009 was EUR -26 million compared to EUR -7 million in 2008.

Associated companies

Fortum has minority shareholdings in associated Finnish and Swedish nuclear production companies. Fortum has for these companies accounted for its share of the effects from nuclear related assets and provisions according to Fortum accounting principles.

17. PLEDGED ASSETS

MEUR	Sept 30 2009	Sept 30 2008	Dec 31 2008
On own behalf			
For debt			
Pledges	286	231	229
Real estate mortgages	137	138	137
For other commitments			
Real estate mortgages	220	206	206
On behalf of associated companies and joint ventures			
Pledges and real estate mortgages	2	3	2

Pledged assets for debt

Finnish participants in the State Nuclear Waste Management Fund are allowed to borrow from the Fund. During Q1 2009 Fortum increased its borrowing from the Fund (see Note 15) and has therefore pledged additional Kemijoki shares as security. The carrying value of the pledged shares amount to EUR 263 million (208 million) as of 30 September 2009 (and 31 December 2008 respectively).

Pledged assets for other commitments

Fortum has given real estate mortgages in Naantali and Inkoo power plants in Finland, total value of EUR 220 million, as a security to the State Nuclear Waste Management Fund for the uncovered part of the legal liability and unexpected events relating to future costs.

18. OPERATING LEASE COMMITMENTS

MEUR	Sept 30 2009	Sept 30 2008	Dec 31 2008
Due within a year	22	24	28
Due after one year and within five years	41	41	47
Due after five years	83	90	86
Total	146	155	161

The decrease in operating lease commitments from the end of 2008 is mainly due to the sale of infrastructure companies and exchange rate differences.

19. CAPITAL COMMITMENTS

MEUR	Sept 30 2009	Sept 30 2008	Dec 31 2008
Property, plant and equipment	1 359	1 403	1 321
Intangible assets	5	15	7
Total	1 364	1 418	1 328

The capital commitments have increased from 31 December 2008 due to the automatic meter reading investments in Distribution Finland as well as the progressing of OAO Fortum's investment program. On the other hand finalisation of the automatic meter reading investment in Distribution Sweden, decline of the Russian rouble and progressing of the CHP plant investments in the Heat business in Finland, Estonia and Poland have decreased the capital commitments since 31 December 2008.

20. CONTINGENT LIABILITIES

MEUR	Sept 30 2009	Sept 30 2008	Dec 31 2008
On own behalf			
Other contingent liabilities	319	858	362
On behalf of associated companies and joint ventures			
Guarantees	593	620	565
Other contingent liabilities	125	125	125
On behalf of others			
Guarantees	10	10	10
Other contingent liabilities	1	1	1

Guarantees on own behalf

Other contingent liabilities on own behalf amounts to EUR 319 million. The decrease of EUR 43 million from 31 December 2008 refers mainly to changes in contractual obligations relating to Russia and Fortum's Service business in the UK and exchange rate changes.

Guarantees on behalf of associated companies

According to law, nuclear companies operating in Finland and Sweden shall give securities to the Finnish State Nuclear Waste Management Fund and the Swedish Nuclear Waste Fund respectively, to guarantee that sufficient funds exist to cover future expenses of decommissioning of power plant and disposal of spent fuel.

The guarantee given on behalf of Teollisuuden Voima Oyj (TVO) to the Finnish fund has decreased from EUR 70 million at year-end 2008 to EUR 68 million at 30 September 2009. The size of the guarantee is updated yearly in Q2, based on the decisions regarding legal liability and the funding target which takes place around year-end.

21. LEGAL ACTIONS AND OFFICIAL PROCEEDINGS

Group companies

No material changes in legal actions and official proceedings has occurred during the reporting period.

Associated companies

In Finland, Fortum is participating in the country's fifth nuclear power plant unit, Olkiluoto 3, through the shareholding in Teollisuuden Voima Oyj (TVO) with an approximately 25% share representing some 400 MW in capacity. In January 2009 the constructor TVO disclosed information, confirmed by the plant supplier, consortium AREVA-Siemens that the construction of the unit is delayed and the unit is estimated to start up in June 2012. In October 2009 TVO informed that the start-up of the plant may be postponed even beyond June 2012. TVO has requested a re-analysis of the time schedule from AREVA-Siemens. In June 2009, TVO informed that the arbitration filed in December by AREVA-Siemens, concerning Olkiluoto 3 delay and related costs amounted to EUR 1.0 billion. In response, TVO has filed in April 2009 a counter-claim for costs and losses that TVO is incurring due to the delay and other defaults on the part of the supplier. The value of TVO's counterclaim is currently approximately EUR 1.4 billion.

22. RELATED PARTY TRANSACTIONS

Related party transactions are described in the annual financial statements as of the year ended 31 December 2008. No material changes have occurred during the period.

The Finnish State owned 50.80% of the shares in Fortum 31 December 2008. After the changes in amount of shares during 2009 due to the share subscriptions under the last option scheme 2002B, the Finnish state owned 50.76% of the Company's shares at 30 September 2009.

ASSOCIATED COMPANY TRANSACTIONS

MEUR	Q1-Q3 2009	Q1-Q3 2008	2008
Sales to associated companies	61	84	113
Interest on associated company loan receivables	27	26	34
Purchases from associated companies	397	405	563

ASSOCIATED COMPANY BALANCES

MEUR	Sept 30 2009	Sept 30 2008	Dec 31 2008
Long-term interest-bearing loan receivables	827	681	659
Trade receivables	7	16	24
Other receivables	15	8	5
Long-term loan payables	199	184	184
Trade payables	6	11	26
Other payables	34	33	18

TRANSACTIONS AND BALANCES WITH JOINT VENTURES

Transactions and balances with joint ventures as at and for the period ended 30 September 2009 are not material for the Group.

23. EVENTS AFTER THE BALANCE SHEET DATE

No material events have taken place after balance sheet date.

24. DEFINITION OF KEY FIGURES

EBITDA (Earnings before interest, taxes, depreciation and amortisation)	=	Operating profit + Depreciation, amortisation and impairment charges	
Comparable operating profit	=	Operating profit - non-recurring items - other items effecting comparability	
Non-recurring items	=	Mainly capital gains and losses	
Other items effecting comparability	=	Includes effects from financial derivatives hedging future cash-flows where hedge accounting is not applied according to IAS 39 and effects from the accounting of Fortum's part of the Finnish Nuclear Waste Fund where the asset in the balance sheet cannot exceed the related liabilities according to IFRIC interpretation 5.	
Funds from operations (FFO)	=	Net cash from operating activities before change in working capital	
Capital expenditure	=	Capitalised investments in property, plant and equipment and intangible assets including maintenance, productivity, growth and investments required by legislation including borrowing costs capitalised during construction period. Maintenance investments expand lifetime of an existing asset, maintain useage/availability and/or maintains reliability. Productivity improves productivity in an existing asset. Growth investments' purpose is to build new assets and/or to increase customer base within existing businesses. Legislation investments are done at certain point of time due to legal requirements.	
Gross investments in shares	=	Investments in subsidiary shares, shares in associated companies and other shares in available for sale financial assets. Investments in subsidiary shares are net of cash and grossed with interest-bearing liabilities in the acquired company.	
Return on shareholders' equity, %	=	$\frac{\text{Profit for the year}}{\text{Total equity average}}$	x 100
Return on capital employed, %	=	$\frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Capital employed average}}$	x 100
Return on net assets, %	=	$\frac{\text{Operating profit + Share of profit (loss) in associated companies and joint ventures}}{\text{Net assets average}}$	x 100
Comparable return on net assets, %	=	$\frac{\text{Comparable operating profit + Share of profit (loss) in associated companies and joint ventures (adjusted for IAS 39 effects and major sales gains or losses)}}{\text{Comparable net assets average}}$	x 100
Capital employed	=	Total assets - non-interest bearing liabilities - deferred tax liabilities - provisions	
Net assets	=	Non-interest bearing assets + interest-bearing assets related to the Nuclear Waste Fund - non-interest bearing liabilities - provisions (non-interest bearing assets and liabilities do not include finance related items, tax and deferred tax and assets and liabilities from fair valuations of derivatives where hedge accounting is applied)	
Comparable net assets	=	Net assets adjusted for non-interest bearing assets and liabilities arising from financial derivatives hedging future cash-flows where hedge accounting is not applied according to IAS 39	
Interest-bearing net debt	=	Interest-bearing liabilities - liquid funds	
Gearing, %	=	$\frac{\text{Interest-bearing net debt}}{\text{Total equity}}$	x 100
Equity-to-assets ratio, %	=	$\frac{\text{Total equity including minority interest}}{\text{Total assets}}$	x 100
Net debt / EBITDA	=	$\frac{\text{Interest-bearing net debt}}{\text{Operating profit + Depreciation, amortisation and impairment charges}}$	
Interest coverage	=	$\frac{\text{Operating profit}}{\text{Net interest expenses}}$	
Interest coverage including capitalised borrowing costs	=	$\frac{\text{Operating profit}}{\text{Net interest expenses-capitalised borrowing costs}}$	
Earnings per share (EPS)	=	$\frac{\text{Profit for the period - minority interest}}{\text{Average number of shares during the period}}$	
Equity per share	=	$\frac{\text{Shareholder's equity}}{\text{Number of shares excluding treasury shares at the end of the period}}$	
Last twelve months	=	Twelve months preceding the reporting date	