Fortum Corporation
Interim Report
January-March 2009

28 April 2009

Fortum

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A strong start for the year

- Comparable operating profit EUR 602 (581) million, +4%. This includes a EUR 50 million negative translation effect from weaker SEK
- Earnings per share EUR 0.46 (EUR 0.51); lower contribution from associates accounts for ~EUR 0.08 of the EPS decrease
- Net debt decreased by EUR 545 million to EUR 5,634 million during the quarter
- 90% (90%) of the generated power in the EU was CO_2-free
- 75% of Nordic power sales volume hedged for the rest of 2009 at EUR 51 per MWh
- TGC-10 integration proceeding in line with plans

Key figures	I/09	I/08	2008	LTM
Sales, EUR million	1,632	1,440	5,636	5,828
Operating profit, EUR million	599	609	1,963	1,953
Comparable operating profit, EUR million	602	581	1,845	1,866
Profit before taxes, EUR million	534	598	1,850	1,786
Earnings per share, EUR	0.46	0.51	1.74	1.69
Net cash from operating activities, EUR million	822	542	2,002	2,282
Shareholders' equity per share, EUR	9.34	9.53	8.96	
Interest-bearing net debt (at end of period), EUR million	5,634	5,228	6,179	
Average number of shares, 1,000s	888,095	887,085	887,256	887,433

Key financial ratios	2008	LTM
Return on capital employed, %	15.0	12.6
Return on shareholders' equity, %	18.7	17.0
Net debt/EBITDA	2.5	2.3

First quarter 2009 results were a good achievement amidst challenging market conditions. The biggest segment, Power Generation, achieved its highest-ever quarterly result with the highest-ever achieved Nordic power price. The first quarter market conditions were more difficult than usual. The Nordic countries consumed about 3% less electricity in the first quarter of 2009 than the previous year. The temperature corrected consumption was about 6% below the previous year. Also the decline of key currency rates, especially the SEK, affected the results negatively.

January-March comparable operating profit was EUR 602 million. The improvement from last year is mainly due to better performance in the Power Generation and Markets segments.

The decrease in the Swedish currency rate affected the operating profit negatively. The average SEK rate for the first-quarter 2009 decreased by approximately 16% from the same period last year. The negative translation effect from the decrease on the average

SEK rate was approximately EUR 50 million in first quarter 2009 comparable operating profit, compared to the same period last year. The decline of the Polish, Norwegian and Russian currencies accented the negative translation effects by EUR 7 million, which totalled EUR -57 million in the first-quarter 2009.

The share of profit of associates and joint ventures was EUR -33 (+34) million, mainly due to Hafslund ASA in Norway.

Fortum’s net cash from operating activities increased and was EUR 822 (542) million. In the first quarter, Fortum’s net debt decreased by EUR 545 million to EUR 5,634 million.

Fortum's liquidity is strong, with liquid funds at the end of the quarter amounting to EUR 3,041 million. Undrawn committed credit facilities were approximately EUR 2.6 billion at the end of March. In March 2009, Fortum issued a EUR 750 million five-year and a EUR 750 million ten-year eurobond under its EMTN (Euro Medium-Term Note) programme. The five-year bond carries a coupon of 4.625% and the ten-year bond 6%.

The integration of TGC-10 is proceeding according to plans. Fortum’s Russian segment achieved a stand-alone operating profit that is in line with the performance in the first quarter of last year. This is a good achievement in a difficult environment – Russian power prices, volumes, and currency declined clearly from the first quarter of last year.

In the first quarter, the Power Generation segment's achieved Nordic power price was EUR 49.6 (44.6) per megawatt-hour (MWh), 11% higher than a year ago. The average system spot price of electricity in Nord Pool was EUR 38.2 (38.0) per MWh.

Financial results

January - March

Group sales were EUR 1,632 (1,440) million. Group operating profit totalled EUR 599 (609) million. Comparable operating profit totalled EUR 602 (581) million.

Sales by segment

EUR million	I/09	I/08	2008	LTM
Power Generation	705	717	2,892	2,880
Heat	513	493	1,466	1,486
Distribution	229	232	789	786
Markets	469	519	1,922	1,872
Russia	184	-	489	673
Other	18	20	83	81
Netting of Nord Pool transactions	-358	-426	-1,736	-1,668
Eliminations	-128	-115	-269	-282
Total	1,632	1,440	5,636	5,828

Comparable operating profit by segment

EUR million	I/09	I/08	2008	LTM
Power Generation	419	395	1,528	1,552
Heat	112	121	250	241
Distribution	81	87	248	242
Markets	-2	-10	-33	-25
Russia	5	-	-92	-87
Other	-13	-12	-56	-57
Total	602	581	1,845	1,866

Operating profit by segment

EUR million	I/09	I/08	2008	LTM
Power Generation	423	431	1,599	1,591
Heat	113	130	307	290
Distribution	81	86	248	243
Markets	-11	-20	-35	-26
Russia	5	-	-91	-86
Other	-12	-18	-65	-59
Total	599	609	1,963	1,953

Share of profits of associates and joint ventures was EUR -33 million, EUR 67 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 61 million of the decrease.

The Group's net financial expenses decreased to EUR 32 (45) million. The decrease is mainly attributable to higher interest income and fair value gains. The change in fair value of derivatives was EUR 11 (-2) million.

Profit before taxes was EUR 534 (598) million.

Taxes for the period totalled EUR 111 (122) million. The tax rate according to the income statement was 20.8% (20.4).

The profit for the period was EUR 406 (452) million. Fortum's earnings per share were EUR 0.46 (0.51).

Non-controlling (minority) interests accounted for EUR 17 (24) 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 12.6% for the last twelve months (15.0% at year-end 2008), and return on shareholders' equity was 17.0% for the last twelve months (18.7% at year-end 2008).

Market conditions

NORDIC COUNTRIES

According to preliminary statistics, the Nordic countries consumed 112 (115) terawatt-hours (TWh) of electricity in the first quarter of 2009, about 3% less than the previous year. The temperature-corrected consumption was about 6% less than the previous year

– first quarter 2009 was colder than the first quarter last year. The decrease is mainly attributable to the drop in industrial consumption as a result of the economic slowdown. The Nordic industrial consumption decreased about 17% compared to the first quarter in 2008.

The price of coal decreased during the first quarter of 2009 and was clearly lower compared to the year before. The average market price of coal (ICE API2) during the first quarter was EUR 55 (92) per tonne. Oil prices remained stable during the first quarter of 2009 but were at a significantly lower level compared to the first quarter of 2008. During the first quarter, the average market price of CO_2 emission allowances (EUA) for 2009 was EUR 11.5 per tonne CO_2. The corresponding price for CO_2 emission allowances for 2008 was EUR 21.4 per tonne CO_2.

Year 2009 started with the Nordic water reservoirs 5 TWh below the long-term average. At the end of the first quarter, the Nordic water reservoirs were 8 TWh below the long-term average and 17 TWh below the corresponding level last year.

During the first quarter, the average system spot price for power in Nord Pool was EUR 38.2 (38.0) per MWh. During the first quarter, the Finnish and Swedish area prices were close to the system price level, being EUR 38.1 (39.3) per MWh in Finland and EUR 38.3 (39.2) per MWh in Sweden.

In Germany, the average spot price for the first quarter was EUR 47.4 (56.2) per MWh, being higher than in the Nordic area. This resulted in a net export from the Nordic area to Germany.

RUSSIA

According to preliminary statistics, electricity demand in the first quarter of 2009 decreased by 6-7% compared to the corresponding period of the previous year. In the Urals region, electricity consumption decreased by about 8% compared to the previous year. In the Tyumen region, where industrial production is dominated by oil and gas industries, electricity demand continued to increase by 1-2%. In the Chelyabinsk region, dominated by the metals industry, the decrease in electricity demand was over 15%

The average electricity spot price, excluding capacity price, in the European Urals part of Russia declined to 585 (761) RUB/MWh during the first quarter of 2009. 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 electricity market liberalisation rate was increased from 25% to 30% in the beginning of 2009. The rules for the long-term capacity market are currently under consideration by Russian government.

Total power and heat generation figures

Fortum's total power generation during January-March 2009 was 19.2 (15.2) TWh, of which 13.7 (14.9) TWh was in the Nordic countries, representing 12% (13%) of the total Nordic electricity consumption. Fortum's total heat production during January-March 2009 was 19.1 (9.0) TWh, of which 7.7 (7.6) TWh was in the Nordic countries.

The increase in the total power and heat generation volumes is mainly due to the inclusion of TGC-10, consolidated from the beginning of April 2008.

The decrease in the Nordic hydropower generation is mainly due to lower precipitation and inflows into Nordic water reservoirs. 2008 was an exceptionally good hydro year. The decrease in the Nordic nuclear power generation is mainly due to different timing in planned maintenance outages in Sweden.

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

Fortum's total power and heat generation in the EU and Norway, TWh	**I/09**	**I/08**	**2008**	**LTM**
Power generation	14.0	15.2	52.6	51.4
Heat generation	9.1	9.0	25.0	25.1

Fortum's total power and heat generation in Russia, TWh	**I/09**	**I/08**	**2008**	**LTM**
Power generation	5.2	-	11.6	16.8
Heat generation	10.0	-	15.3	25.3

Fortum's own power generation by source, TWh, total in the Nordic countries	**I/09**	**I/08**	**2008**	**LTM**
Hydropower	5.7	6.3	22.9	22.3
Nuclear power	6.4	6.9	23.7	23.2
Thermal power	1.6	1.7	5.0	4.9
Total	13.7	14.9	51.6	50.4

Fortum's own power generation by source, %, total in the Nordic countries	**I/09**	**I/08**	**2008**	**LTM**
Hydropower	41	42	44	44
Nuclear power	47	46	46	46
Thermal power	12	12	10	10
Total	100	100	100	100

Total power and heat sales figures

Fortum's total power sales during January-March 2009 were 21.4 (17.1) TWh, of which 15.5 (16.8) TWh were in the Nordic countries. This represents approximately 14% (15%) of estimated Nordic electricity consumption during January-March 2009. Fortum's total heat sales during January-March 2009 were 20.2 (9.7) TWh, of which 7.2 (7.2) TWh were in the Nordic countries.

Fortum's total electricity* and heat sales in the EU and Norway, EUR million	**I/09**	**I/08**	**2008**	**LTM**
Electricity sales	784	759	2,959	2,984
Heat sales	407	395	1,157	1,169

* 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	I/09	I/08	2008	LTM
Electricity sales	103	-	332	435
Heat sales	81	-	141	222

Fortum's total electricity sales* by area, TWh	I/09	I/08	2008	LTM
Finland	7.4	7.8	28.7	28.3
Sweden	7.5	8.4	28.5	27.6
Russia	5.6	-	14.8	20.4
Other countries	0.9	0.9	3.0	3.0
Total	21.4	17.1	75.0	79.3

* 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	I/09	I/08	2008	LTM
Russia	10.2	-	15.3	25.5
Finland	3.1	3.7	10.8	10.2
Sweden	4.0	3.4	9.1	9.7
Poland	1.8	1.5	3.6	3.9
Other countries**	1.1	1.1	3.4	3.4
Total	20.2	9.7	42.2	52.7

** 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 quarter of 2009, approximately 90% (90%) of the power generated by Fortum within the EU countries was CO_2-free.

Fortum’s total CO_2 emissions subject to the EU’s emissions trading scheme (ETS) in the first quarter amounted to 2.6 million tonnes of CO_2.

Fortum’s total annual CO_2 allowance allocation for its power and heat plants is approximately 5.9 million tonnes per year during 2008-2012. In Finland, Fortum’s CO_2 allocation is approximately 4.1 million tonnes of CO_2 per annum, representing 11% of the Finnish national allocation. In Sweden, Fortum’s free CO_2 allocation is approximately 0.2 million tonnes of CO_2 per annum, representing 0.7% of the Swedish national allocation.

Total CO_2 emissions (million tonnes)	I/09	I/08	2008	LTM
Total emissions	7.0	2.4	17.6	22.2
Emissions subject to ETS	2.6	2.2	7.2	7.6
Free emission allocation	-	-	5.9	-
Emissions in Russia	4.1	-	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. The segment includes the business units Generation, Portfolio Management and Trading (PMT), and Service.

EUR million	I/09	I/08	2008	LTM
Sales	705	717	2,892	2,880
- power sales	658	646	2,566	2,578
- other sales	47	71	326	302
Operating profit	423	431	1,599	1,591
Comparable operating profit	419	395	1,528	1,552
Net assets (at period-end)	5,392	5,633	5,331	
Return on net assets, %			29.6	29.7
Comparable return on net assets, %			28.0	28.7
Gross investments	52	18	134	168
Number of employees	3,511	3,544	3,520	

In January-March, the segment's power generation in the Nordic countries was 12.1 (13.2) TWh. In January-March, approximately 98% (97%) of the segment's power generation was CO_2-free.

Power generation by source, TWh	I/09	I/08	2008	LTM
Hydropower in Nordic	5.7	6.3	22.9	22.3
Nuclear power in Nordic	6.4	6.9	23.7	23.2
Thermal power in Nordic	0.0	0.0	0.3	0.3
Total in Nordic	**12.1**	**13.2**	**46.9**	**45.8**
Thermal in other countries	0.3	0.4	1.0	0.9
Total	**12.4**	**13.6**	**47.9**	**46.7**

Nordic sales volume, TWh	13.4	14.6	52.1	50.9
of which pass-through sales	0.9	1.1	3.7	3.5

Sales price, EUR/MWh	I/09	I/08	2008	LTM
Generation's Nordic power price*	49.6	44.6	49.3	50.7

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

During the first quarter, the average system spot price in Nord Pool was EUR 38.2 per MWh, with the Finnish area price being EUR 38.1 per MWh and the Swedish area price EUR 38.3 per MWh. In the first quarter, Generation's achieved Nordic power price was EUR 49.6 per MWh, up by 11% from a year ago. The segment's Nordic sales volume without pass-through items was 12.5 (13.5) TWh in the period.

In the first quarter, the Power Generation segment's comparable operating profit was slightly higher than in the corresponding period last year. The improvement was mainly due to a higher achieved Nordic power price, stemming from improved hedging prices.

The positive impact from the higher Nordic power price was partly offset by lower hydro and nuclear volumes.

The translation effect from the weaker average SEK rate was approximately EUR -35 million in the segment's first-quarter comparable operating profit, compared to the same period a year ago.

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 on the island of Hästholmen in Loviisa. According to plan, the new unit will be operational in 2020 and its designed service life is at least 60 years. The application presents five different plant alternatives.

In February, the Swedish government announced its new climate and energy strategy, which allows new nuclear power reactors to be built to replace old reactors. This decision gives also Fortum new options when considering the future development of the Swedish partially-owned Oskarshamn and Forsmark nuclear power plants.

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 units Värme, operating in Sweden, and Heat, operating mainly in other markets.

EUR million	I/09	I/08	2008	LTM
Sales	513	493	1,466	1,486
- heat sales	397	386	1,120	1,131
- power sales	84	77	228	235
- other sales	32	30	118	120
Operating profit	113	130	307	290
Comparable operating profit	112	121	250	241
Net assets (at period-end)	3,484	3,617	3,468	
Return on net assets, %			8.9	8.4
Comparable return on net assets, %			7.3	7.0
Gross investments	70	112	431	389
Number of employees	2,223	2,445	2,318	

The segment's heat sales during January-March 2009 amounted to 9.4 (9.2) TWh, most of which was generated in the Nordic countries. During the same period, power sales from CHP production totalled 1.6 (1.7) TWh.

The Heat segment’s first-quarter comparable operating profit was EUR 9 million lower than in the previous year. The decline is due to the negative translation effect of EUR 12 million from weakened currencies, mainly the SEK and PLN. Reduced availability affected performance in Sweden. In most other markets the comparable operating profit improved.

A new CHP -plant in Estonia was taken into commercial use in late March 2009. The construction of three new CHP -plants in Finland, Poland and Estonia proceeded.

The decline in the sales volume in Finland is mainly due to the sale of the CHP-company in Jyväskylä, which took effect at the end of 2008.

Heat sales by area, TWh	**I/09**	**I/08**	**2008**	**LTM**
Finland	3.1	3.7	10.8	10.2
Sweden	4.0	3.4	9.1	9.7
Poland	1.8	1.5	3.6	3.9
Other countries	0.5	0.6	1.4	1.3
Total	9.4	9.2	24.9	25.1

Power sales, TWh	**I/09**	**I/08**	**2008**	**LTM**
Total	1.6	1.7	4.7	4.6

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	**I/09**	**I/08**	**2008**	**LTM**
Sales	229	232	789	786
- distribution network transmission	199	199	669	669
- regional network transmission	21	23	77	75
- other sales	9	10	43	42
Operating profit	81	86	248	243
Comparable operating profit	81	87	248	242
Net assets (at period-end)	3,090	3,332	3,032	
Return on net assets, %			8.1	7.9
Comparable return on net assets, %			8.2	7.9
Gross investments	36	61	296	271
Number of employees	1,184	1,175	1,336	

The volume of distribution and regional network transmissions during the first quarter of 2009 totalled 8.2 (7.9) TWh and 4.8 (5.0) TWh, respectively.

Electricity transmissions via the regional distribution network totalled 4.0 (4.1) TWh in Sweden and 0.8 (0.9) TWh in Finland.

The comparable operating profit of the Distribution segment was EUR 81 million in the first quarter, EUR 6 million lower than the previous year. The main reason for the decline is the weaker average SEK rate, which led to a negative translation effect of approximately EUR 7 million.

The main roll-out of new smart meters (Automated Meter Management, AMM) in Sweden was finalised during December 2008. By the end of the first quarter of 2009, approximately 820,000 meters out of the 844,000 were installed. The remaining meters will be installed during the coming months. The legislation for monthly meter reading takes effect 1 July 2009. Fortum has entered into the final stages of the roll-out in the automatic meter reading project in Sweden and is presently discussing with the service provider how to structure the remainder of the roll-out as well as the operations phase.

In March, a cooperation agreement between Fortum and Karlstad municipality in Sweden regarding a charging infrastructure for electric vehicles was signed. Fortum has agreements on charging infrastructures with three municipalities (Espoo in Finland, Stockholm and Karlstad in Sweden). The aim of the cooperation is to analyse the requirements that plug-in hybrids and electric cars will have on the charging infrastructure and to pilot charging points in the cities.

Volume of distributed electricity in distribution network, TWh	**I/09**	**I/08**	**2008**	**LTM**
Sweden	4.4	4.3	14.0	14.1
Finland	2.9	2.8	9.3	9.4
Norway	0.8	0.7	2.3	2.4
Estonia	0.1	0.1	0.2	0.2
Total	8.2	7.9	25.8	26.1

Number of electricity distribution customers by area, thousands	**31 Mar 2009**	**31 Mar 2008**
Sweden	880	873
Finland	606	599
Other countries	123	123
Total	1,609	1,595

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	**I/09**	**I/08**	**2008**	**LTM**
Sales	469	519	1,922	1,872
- power sales	462	501	1,865	1,826
- other sales	7	18	57	46
Operating profit	-11	-20	-35	-26
Comparable operating profit	-2	-10	-33	-25
Net assets (at period-end)	128	169	188	
Return on net assets, %			-14.0	-11.1
Comparable return on net assets, %			-15.3	-12.4
Gross investments	1	1	3	3
Number of employees	626	814	635	

In the first quarter, Markets' electricity sales totalled 9.7 (11.2) TWh. The decrease in the sales volume was mainly due to the reorganisation of unprofitable business customer contracts and lower consumption in the business customer segment as a result of the economic recession.

Markets' first-quarter comparable operating profit was slightly negative but clearly better than a year ago. Lower wholesale market prices and lower price volatility, renegotiated sales agreements and renewed hedging operations, combined with improved cost efficiency, led to better performance.

In the first quarter, Markets announced a new pricing mechanism for Kesto, the current-price consumer contract in Finland. The pricing reform will bring regularity and transparency to consumer pricing in Finland. Price updates will be automatic, will be based on realised forward prices, and will take place four times a year.

Russia

The segment comprises power and heat generation and sales in Russia. The segment includes TGC-10 and Fortum's holding in TGC-1. TGC-10 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	I/09	I/08	2008	LTM
Sales	184	-	489	673
- power sales	103	-	332	435
- heat sales	81	-	141	222
- other sales	0	-	16	16
EBITDA	24	-	-24	0
Operating profit	5	-	-91	-86
Comparable operating profit	5	-	-92	-87
Net assets (at period-end)	2,000	2,264	2,205	
Return on net assets, %			-3.7	-3.0
Comparable return on net assets, %			-3.8	-3.0
Gross investments	21	1,031	1,748	738
Number of employees	6,192	7,187	7,262	

TGC-10 operates in well-developed industrial regions of the Urals and Western Siberia. The segment's power sales during the first quarter amounted to 5.6 TWh. During the same period, heat sales of the segment totalled 10.2 TWh. The segment sold approximately 2/3 of its volumes in Tuymen and other oil- and gas-producing areas in TGC-10 region. The remaining 1/3 of its volumes were sold in the Chelyabinsk region where the metals industry dominates wholesale electricity demand.

In the first quarter 2009, the average electricity spot price in the Urals hub was 24% lower than a year ago, 535 (705) RUB/MWh. During the first-quarter 2009, TGC-10 sold 31% of its electricity production with liberalised electricity price.

TGC-10's average regulated electricity price was 13% higher than a year ago at 541 (479) RUB/MWh. The average regulated capacity price in the first-quarter 2009 was 20% higher than a year ago at 189,500 RUB/MW/month. In the corresponding period in 2008, the price was 157,900 RUB/MW/month.

During the first quarter 2009, the average limit gas price in the Urals region was 1750 RUB/1000 m^3, 5% higher than in the corresponding period of 2008.

Key electricity, capacity and gas prices for TGC-10	**I/09**	**I/08**	**Change %**
Electricity spot price (market price), Urals hub, RUB/MWh	535	705	-24
Average regulated electricity price for TGC-10, RUB/MWh	541	479	+13
Average regulated capacity price, RUB/MW/month	189,500	157,900	+20
Average limit gas price in Urals region, RUB/1000 m^3	1,750	1,660	+5

The segment's EBITDA was at the same level compared to the pro-forma EBITDA for the first quarter last year.

The segment booked a comparable operating profit of EUR 5 million in the first quarter of 2009. The profit for the quarter is explained by TGC-10's stand-alone profit of EUR 18 million, the surplus value depreciation of EUR 11 million, and integration costs of EUR 2 million.

TGC-10's business is typically very seasonal: Its results usually are strongest during the first and last quarters of the year. TGC-10 figures have been consolidated starting from the beginning of April 2008.

Russian power sector reform is proceeding. Starting 1 January 2009, 30% of all produced power in Russia was sold on the competitive market. The wholesale power market is expected to be fully liberalised by 2011.

Fortum is putting considerable focus on the integration of TGC-10 as a part of Fortum. The integration process started in April 2008. The new organisational structure and Fortum's management model have been in place since the beginning of September 2008. The integration has proceeded well and several targets for efficiency improvements have been identified. Consequently, the annual efficiency improvements are expected to be approximately EUR 100 million by 2011.

Within the group, around 1,100 persons working at TGC-10 were transferred to Power Generation segment's Service Business unit.

Capital expenditures, divestments and investments in shares

Capital expenditures and investments in shares in January-March 2009 totalled EUR 181 (1,227) million. Investments, excluding acquisitions, were EUR 150 (175) million.

HEAT

A new CHP -plant in Tartu, Estonia was taken into commercial use in late March 2009. The new gas-based CHP -plant in Jelgava, Latvia, was inaugurated in January 2009. The construction of the new CHP -plants in Espoo, Finland, in Czestochowa, Poland, and in Pärnu, Estonia, proceeded.

RUSSIA

TGC-10 has an extensive investment programme aiming to increase its power capacity to 5,300 MW. The value for the remaining part of the programme, calculated at year-end 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 TGC-10's investment programme. However, the potential postponement of some projects by 1-3 years is currently under review.

Financing

Net debt decreased during the first quarter by EUR 545 million to EUR 5,634 million (year-end 2008: EUR 6,179 million). The decrease in net debt is mainly due to a strong operating cash flow and realised foreign exchange gains.

The liquidity position continued to improve, and, at the end of the quarter, the Groups liquid funds totalled EUR 3,041 million (year-end 2008: EUR 1,321 million). The liquid funds include cash and bank deposits held by TGC-10 amounting to EUR 841 million (year-end 2008: 1,020 million) approximately EUR 572 million of which was denominated in EUR and EUR 269 million denominated in RUB. The cash position in TGC-10 was reduced during the quarter due to the EUR 112 million repayment of bonds, payments under the investment program and EUR 40 million of translation difference when consolidating RUB deposits in TGC-10 back to Fortum's EUR reporting currency.

In March, Fortum successfully completed a major financing transaction. A dual-tranche Euro bond of EUR 750 million due 2014 and EUR 750 million due 2019 were issued under Fortum's Euro Medium-Term Note Program.

The cash position reported at the end of the quarter was reduced during April. In April Fortum paid out EUR 888 million in dividends and EUR 229 million in maturing loans. Fortum also paid EUR 500 million of the 3-year EUR 2 billion term-loan and all drawn amounts (EUR 300 million) under the EUR 1.5 billion 5-year Revolving Credit Facility raised in March 2008 in connection with the acquisition of TGC-10.

After the payments in April, Fortum's liquid funds were approximately EUR 1.1 billion. In addition, Fortum had access to approximately EUR 2.9 billion of undrawn committed credit facilities.

The Group's net financial expenses for the first quarter were EUR 32 (45) million. Net financial expenses include changes in the fair value of financial instruments of EUR 11 (-2) million. Excluding changes in the fair value of financial instruments, financial expenses were at the same level as the corresponding quarter last year, despite the fact that average net debt in 2009 was approximately EUR 1.3 billion higher than in the corresponding quarter last year.

Net debt to EBITDA for the last twelve months was 2.3 (2.5 at year-end 2008).

Fortum Corporation's long-term credit rating from Moody's and Standard and Poor's was A2 (stable) and A- (stable), respectively.

Shares and share capital

During the first quarter of 2009, a total of 155.1 (159.4) million Fortum Corporation shares, totalling EUR 2,295 million, were traded. Fortum's market capitalisation, calculated using the closing quotation of the last trading day of the quarter, was EUR 12,745 million. The highest quotation of Fortum Corporation shares on the NASDAQ OMX Helsinki in the quarter was EUR 17.73, the lowest EUR 12.60, and the volume-weighted average quotation EUR 14.80. The closing quotation on the last trading day of the quarter was EUR 14.35 (25.81).

A total of 528,087 shares subscribed on the basis of share option schemes were entered into the trade register in the first quarter of 2009. At the end of the quarter, Fortum Corporation did not own its own shares.

After registrations, Fortum Corporation's share capital was EUR 3,045,502,967.80 and the total number of registered shares was 888,166,167 at the end of the quarter. The share capital of Fortum Corporation increased by a total of EUR 1,795,495.80.

At quarter-end, the amount of shares that can still be subscribed for and registered under the share option schemes is a maximum of 0.02% (200,878 shares) of Fortum's quarter-end share capital and voting rights.

At the end of the first quarter 2009, the Finnish state's holding in Fortum was 50.8%. The proportion of nominee registrations and direct foreign shareholders was 34.9%.

Currently, 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 average number of employees in the Group during the first quarter from January to March was 14,644 (8,356). The increase in the number of employees is due to the acquisition of TGC-10. The number of employees at the end of the quarter was 14,267 (15,689).

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

Events after the period under review

The TGC-10 Annual General Meeting took place on 15 April, 2009. Among other decisions shareholders approved the renaming of the Company. After the official registration of changes to the Articles of Association (expected by the end of April) the new name of the company will be OAO Fortum.

In April, the EU Parliament voted in favour of the third energy market package. If the package enters into force in its current form one of the consequences will be that Fortum may have to sell its 25% ownership in the Finnish high voltage electricity grid company Fingrid Oyj latest during 2012. Consequently, Fortum has started to prepare for the sale of the Fingrid shares.

Changes in Fortum Management

On 7 April 2009, Tapio Kuula, member of Fortum Corporation's Management Team, was appointed Fortum Corporation's President and CEO as of 1 May 2009. Tapio Kuula has worked at Fortum since 1996 and has been a member of the Management Team since 1997.

The current President and CEO Mikael Lilius will retire in December 2009 when he reaches the age of 60. Until his retirement, Mr Lilius will continue to work on assignments from the Board of Directors and Fortum Management Team with a special focus on Russian operations.

Annual General Meeting

Fortum Corporation's Annual General Meeting, which was held in Helsinki on 7 April 2009, adopted the financial statements of the parent company and the Group for 2008, discharged Fortum's Supervisory Board, Board of Directors and the President and CEO from liability for 2008, and decided to pay a dividend of EUR 1.00 per share for 2008. The dividend payment date was 21 April 2009.

The Annual General Meeting re-elected the following persons to the Board of Directors: Matti Lehti, Esko Aho, Ilona Ervasti-Vaintola, Birgitta Johansson-Hedberg and Christian Ramm-Schmidt. Sari Baldauf was elected as a new member of the Board of Directors. Matti Lehti was elected as the Chairman and Sari Baldauf as the Deputy Chairman of the Board of Directors. The Board of Directors was elected until the end of the following Annual General Meeting.

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 CO_2 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 ongoing economic and financial slowdown impacts the markets where Fortum operates. This may increase Fortum's counterparty risk. Economic slowdown may continue to depress electricity consumption in the Nordic countries. Fortum expects the electricity consumption to return to a growth path after the recession.

According to Russian official forecasts, the electricity demand in Russia during 2009 is estimated to be 4-8% lower than in 2008.

RUSSIA

In Russia, one of the key assumptions in the TGC-10 acquisition is the continuation of the Russian power sector reform. As planned, the share of power sold at a competitive price was increased from 25% to 30% on 1 January 2009. The share is planned to be increased to 50% at the beginning of July 2009. The rules for the long-term capacity market, taking place from 2011 onwards, are under preparation. The wholesale power market is expected to be fully liberalised in 2011.

The average limit gas price (regulated gas price) for the second, third and fourth quarter of 2009 will increase by 7%, 7% and 6.2%, respectively.

TGC-10 is committed and contractually obligated to a significant investment programme, still amounting to approximately EUR 2.0 billion for 2009 and onwards. However, the economic slowdown is likely to further affect the Russian power demand-supply balance. 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 TGC-10's investment programme. However, the potential postponement of some projects by 1-3 years is currently under review.

The acquisition of TGC-10 is expected to marginally dilute Fortum's EPS during 2009. Annual efficiency improvements are expected to be approximately EUR 100 million in 2011.

TAXES AND REGULATION

In late March, the Finnish Government decided to start preparations on the taxation of hydro and nuclear capacity built before 1997. The tax is targeted to take effect by the beginning of 2011 at the latest. The Government is targeting tax income of EUR 33-330 million per year through the new tax. When preparing the tax, the Government will have to assess its compatibility with European as well as national legislation.

CAPITAL EXPENDITURE

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

HEDGING

In late April, the electricity forward price in Nord Pool for the rest of 2009 was around EUR 36-37 per MWh. The electricity forward price for 2010 was around EUR 37-39 per MWh and for 2011 around EUR 38-40 per MWh. At the same time, the future quotations for coal (ICE API2) for the rest of 2009 were around EUR 50 per tonne and the market price for emissions allowances (EUA) for 2009 was about EUR 13-14 per tonne CO_2.

In late April, Nordic water reservoirs were about 4 TWh below the long-term average and 11 TWh below the corresponding level of 2008.

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

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 Generation's achieved Nordic sales price results in an approximately EUR 50-million change in Fortum's annual operating profit.

In mid-April 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 51 per MWh. For the calendar year 2010, approximately 65% of the Power Generation segment's estimated Nordic electricity sales volume was hedged at approximately EUR 43 per MWh. For the calendar year 2011, approximately 30% of the Power Generation segment's estimated Nordic electricity sales volume 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.

Fortum's results in the first quarter were good, despite the challenging environment. A flexible and climate-benign production portfolio accompanied by a strong financial position and liquidity enable Fortum to meet the challenges caused by the ongoing recession. Fortum is in a strong position to weather the turbulence.

Espoo, 27 April 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.

Publication of results in 2009:
Interim Report January-June will be published on 17 July 2009 at approx. 9:00 EET.
Interim Report January-September will be published on 22 October 2009 at approx. 9:00 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-MARCH 2009
Interim Financial Statements are unaudited

CONSOLIDATED INCOME STATEMENT

MEUR	Note	Q1 2009	Q1 2008	2008	Last twelve months
Sales	4	**1 632**	1 440	5 636	5 828
Other income		**27**	61	230	196
Materials and services		**-656**	-521	-2 117	-2 252
Employee benefit costs		**-128**	-136	-587	-579
Depreciation, amortisation and impairment charges	4, 12	**-122**	-111	-515	-526
Other expenses		**-154**	-124	-684	-714
Operating profit		**599**	609	1 963	1 953
Share of profit/loss of associates and joint ventures	4, 13	**-33**	34	126	59
Interest expense		**-68**	-60	-351	-359
Interest income		**31**	17	143	157
Fair value gains and losses on financial instruments		**11**	-2	-11	2
Other financial expenses - net		**-6**	0	-20	-26
Finance costs - net		**-32**	-45	-239	-226
Profit before income tax		**534**	598	1 850	1 786
Income tax expense	9	**-111**	-122	-254	-243
Profit for the period		**423**	476	1 596	1 543
Attributable to:					
Owners of the parent company		**406**	452	1 542	1 496
Non-controlling interests		**17**	24	54	47
		423	476	1 596	1 543
Earnings per share (in € per share)	10				
Basic		**0.46**	0.51	1.74	1.69
Diluted		**0.46**	0.51	1.74	1.69

Consolidated statement of comprehensive income

MEUR	Q1 2009	Q1 2008	2008	2007
Profit for the period	**423**	476	1 596	1 608
Other comprehensive income:				
Cash flow hedges				
Fair value gains/losses in the period	**192**	92	453	-167
Transfers to income statement	**-23**	46	160	-69
Transfers to inventory/fixed assets	**5**	-	-4	-
Tax effect	**-43**	-38	-168	64
Net investment hedges				
Fair value gains/losses in the period	**-1**	-	-	2
Available for sale financial assets				
Fair value losses in the period	**-**	-	-1	-
Exchange differences on translating foreign operations	**-214**	-62	-621	-36
Share of other comprehensive income of associates [1)]	**-3**	-411	-628	366
Other changes	**-4**	-	1	6
Other comprehensive income for the period, net of tax	**-91**	-373	-808	166
Total comprehensive income for the year	**332**	103	788	1 774
Total comprehensive income attributable to:				
Owners of the parent	**342**	90	797	1 731
Non-controlling interests	**-10**	13	-9	43
	332	103	788	1 774
1) Of which fair value change in Hafslund ASAs shareholding in REC incl. translation differences	**-4**	-409	-667	353

CONSOLIDATED BALANCE SHEET

MEUR	Note	**March 31 2009**	March 31 2008	Dec 31 2008
ASSETS				
Non-current assets				
Intangible assets	12	**370**	416	395
Property, plant and equipment	12	**11 954**	12 970	12 138
Participations in associates and joint ventures	4, 13	**2 100**	2 511	2 112
Share in State Nuclear Waste Management Fund	16	**571**	522	566
Other long-term investments		**119**	73	117
Deferred tax assets		**3**	1	2
Derivative financial instruments	6	**516**	172	445
Long-term interest-bearing receivables		**753**	767	742
Total non-current assets		**16 386**	17 432	16 517
Current assets				
Inventories		**388**	297	444
Derivative financial instruments	6	**718**	185	761
Trade and other receivables		**1 176**	1 340	1 235
Bank deposits		**835**	-	588
Cash and cash equivalents		**2 206**	2 237	733
Liquid funds	15	**3 041**	2 237	1 321
Total current assets		**5 323**	4 059	3 761
Total assets		**21 709**	21 491	20 278
EQUITY				
Equity attributable to owners of the parent				
Share capital	14	**3 045**	3 042	3 044
Other restricted funds		**81**	83	90
Fair value and other reserves		**661**	407	525
Retained earnings		**4 504**	4 923	4 295
Total		**8 291**	8 455	7 954
Non-controlling interests		**438**	948	457
Total equity		**8 729**	9 403	8 411
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities	15	**6 978**	6 633	6 520
Derivative financial instruments	6	**128**	119	120
Deferred tax liabilities		**1 830**	1 899	1 851
Nuclear provisions	16	**571**	522	566
Pension and other provisions		**240**	343	250
Other non-current liabilities		**459**	459	470
Total non-current liabilities		**10 206**	9 975	9 777
Current liabilities				
Interest-bearing liabilities	15	**1 697**	832	980
Derivative financial instruments	6	**115**	165	126
Trade and other payables		**962**	1 116	984
Total current liabilities		**2 774**	2 113	2 090
Total liabilities		**12 980**	12 088	11 867
Total equity and liabilities		**21 709**	21 491	20 278

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

MEUR	Share capital	Share premium	Retained earnings and other funds	Translation of foreign operations	Cash flow hedges	Other OCI items	OCI items associated companies	Owners of the parent company	Non-controlling interests	Total equity
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			406					406	17	423
Translation differences				-200	0		13	-187	-14	-201
Other comprehensive income					140	-1	-16	123	-13	110
Total comprehensive income for the period			406	-200	140	-1	-3	342	-10	332
Changes due to business combinations			-6					-6	-9	-15
Stock options exercised	1							1		1
Total equity at 31.3.2009	**3 045**	**73**	**5 288**	**-776**	**461**	**35**	**165**	**8 291**	**438**	**8 729**
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			452					452	24	476
Translation differences				-50			-11	-61	-12	-73
Other comprehensive income					99		-400	-301	1	-300
Total comprehensive income for the period			452	-50	99	0	-411	90	13	103
Changes due to business combinations						4		4	643	647
Stock options exercised	2							2		2
Total equity at 31.3.2008	**3 042**	**73**	**5 004**	**-71**	**-21**	**39**	**389**	**8 455**	**948**	**9 403**
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 Dividends.

Fortum has in Q1 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 differences*)
Translation differences impacted equity attributable to owners of the parent company with EUR -187 million in Q1 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 +12 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 +140 million in Q1 2009, mainly relates to cash flow hedges hedging electricity price for future transactions. When electricity price is lower than the hedging price, the impact on equity is positive.

*) 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	Q1 2009	Q1 2008	2008	Last twelve months
Cash flow from operating activities					
Operating profit before depreciations (EBITDA)		**721**	720	2 478	2 479
Non-cash flow items and divesting activities		**1**	-37	-275	-237
Financial items and realised foreign exchange gains and losses		**139**	-45	233	417
Taxes		**-14**	-77	-332	-269
Funds from operations		**847**	561	2 104	2 390
Change in working capital		**-25**	-19	-102	-108
Total net cash from operating activities		**822**	542	2 002	2 282
Cash flow from investing activities					
Capital expenditures [1)]	4, 12	**-180**	-164	-1 018	-1 034
Acquisition of subsidiaries, net of cash acquired	7	**-19**	-764	-1 210	-465
Acquisition of associates [2)]	13	**-31**	-8	-32	-55
Acquisition of other long-term investments		**0**	0	-1	-1
Proceeds from sales of fixed assets		**1**	4	37	34
Proceeds from sales of subsidiaries, net of cash disposed	7	**11**	0	44	55
Proceeds from sales of associates	13	**0**	-	34	34
Change in interest-bearing receivables		**-19**	-30	-136	-125
Total net cash used in investing activities		**-237**	-962	-2 282	-1 557
Cash flow before financing activities		**585**	-420	-280	725
Cash flow from financing activities					
Net change in loans		**1 207**	2 257	2 621	1 571
Dividends paid to the Company's equity holders		-	-	-1 198	-1 198
Other financing items		**13**	1	-103	-91
Total net cash used in financing activities		**1 220**	2 258	1 320	282
Total net increase (+)/decrease (-) in liquid funds		**1 805**	1 838	1 040	1 007

1) Capital expenditures in cash-flow do not include not yet paid investments.
Capitalised borrowing costs are included in interest costs paid.
2) Acquisition of associates include share issues.

Change in net debt	**Q1 2009**	Q1 2008	2008	Last twelve months
Net debt 1 January	**6 179**	4 466	4 466	5 228
Foreign exchange rate differences	**37**	38	-203	-204
EBITDA	**721**	720	2 478	2 479
Paid net financial costs, taxes and adjustments for non-cash and divestment items	**126**	-159	-374	-89
Change in working capital	**-25**	-19	-102	-108
Capital expenditures	**-180**	-164	-1 018	-1 034
Acquisitions	**-50**	-772	-1 243	-521
Divestments	**12**	4	115	123
Change in interest-bearing receivables	**-19**	-30	-136	-125
Dividends and repurchase of own shares	**-**	0	-1 198	-1 198
Other financing activities	**13**	1	-103	-91
-Net cash flow (- increase in net debt)	**598**	-419	-1 581	-564
Loans in acquired companies	**-**	276	272	-4
Fair value change of bonds and amortised cost valuation	**16**	29	63	50
Net debt end of period	**5 634**	5 228	6 179	5 634

KEY RATIOS

MEUR	**March 31 2009**	Dec 31 2008	Sept 30 2008	June 30 2008	March 31 2008	Last twelve months
EBITDA, MEUR	**721**	2 478	1 735	1 203	720	2 479
Earnings per share (basic), EUR	**0.46**	1.74	1.10	0.78	0.51	1.69
Capital employed, MEUR	**17 404**	15 911	15 756	15 593	16 868	17 404
Interest-bearing net debt, MEUR	**5 634**	6 179	6 520	6 254	5 228	N/A
Capital expenditure and gross investments in shares, MEUR	**181**	2 624	2 210	1 459	1 227	1 578
Capital expenditure, MEUR	**150**	1 108	716	408	175	1 083
Return on capital employed, % [1)]	**14.5**	15.0	13.7	14.6	17.3	12.6
Return on shareholders' equity, % [1)]	**19.6**	18.7	15.7	17.2	21.0	17.0
Net debt / EBITDA [1)]	**2.0**	2.5	2.8	2.6	1.8	2.3
Interest coverage	**16.0**	9.4	7.6	8.6	14.1	9.6
Funds from operations/interest-bearing net debt, % [1)]	**45.1**	34.1	27.1	30.1	42.9	42.4
Gearing, %	**65**	73	81	77	56	N/A
Equity per share, EUR	**9.34**	8.96	8.49	8.08	9.53	N/A
Equity-to-assets ratio, %	**40**	41	39	39	44	N/A
Average number of employees	**14 644**	14 077	13 585	12 603	8 356	N/A
Number of employees	**14 267**	15 579	15 785	16 069	15 689	N/A
Average number of shares, 1 000 shares	**888 095**	887 256	887 241	887 131	887 085	887 433
Diluted adjusted average number of shares, 1 000 shares	**888 250**	887 839	887 986	888 165	888 177	887 603
Number of registered shares, 1 000 shares	**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 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 annual financial statements for the year ended 31 December 2008.

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 Group's annual financial statements 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 January 1 2009. The change did not have a material effect on Q1 2009 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 annual financial statements as at and for the year ended 31 December 2008.

4. SEGMENT INFORMATION

SALES

MEUR	Q1 2009	Q1 2008	2008	Last twelve months
Power sales excluding indirect taxes	**887**	759	3 291	3 419
Heating sales	**488**	395	1 298	1 391
Network transmissions	**220**	222	746	744
Other sales	**37**	64	301	274
Total	**1 632**	1 440	5 636	5 828

SALES BY SEGMENT

MEUR	Q1 2009	Q1 2008	2008	Last twelve months
Power Generation	**705**	717	2 892	2 880
- of which internal	***79***	*53*	*0*	26
Heat	**513**	493	1 466	1 486
- of which internal	***9***	*7*	*0*	2
Distribution	**229**	232	789	786
- of which internal	***1***	*3*	*10*	8
Markets	**469**	519	1 922	1 872
- of which internal	***22***	*32*	*177*	167
Russia	**184**	-	489	673
- of which internal	**0**	-	0	0
Other	**18**	20	83	81
- of which internal	***17***	*20*	*82*	79
Netting of Nord Pool transactions [1)]	**-358**	-426	-1 736	-1 668
Eliminations	***-128***	*-115*	*-269*	*-282*
Total	**1 632**	1 440	5 636	5 828

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	Q1 2009	Q1 2008	2008	Last twelve months
Power Generation	**423**	431	1 599	1 591
Heat	**113**	130	307	290
Distribution	**81**	86	248	243
Markets	**-11**	-20	-35	-26
Russia	**5**	-	-91	-86
Other	**-12**	-18	-65	-59
Total	**599**	609	1 963	1 953

COMPARABLE OPERATING PROFIT BY SEGMENT

MEUR	Q1 2009	Q1 2008	2008	Last twelve months
Power Generation	**419**	395	1 528	1 552
Heat	**112**	121	250	241
Distribution	**81**	87	248	242
Markets	**-2**	-10	-33	-25
Russia	**5**	-	-92	-87
Other	**-13**	-12	-56	-57
Comparable operating profit	**602**	581	1 845	1 866
Non-recurring items	**4**	2	85	87
Other items effecting comparability	**-7**	26	33	0
Operating profit	**599**	609	1 963	1 953

NON-RECURRING ITEMS BY SEGMENT

MEUR	Q1 2009	Q1 2008	2008	Last twelve months
Power Generation	**4**	0	18	22
Heat	**0**	2	64	62
Distribution	**0**	0	2	2
Markets	**0**	-	-	0
Russia	**0**	-	1	1
Other	**0**	0	0	0
Total	**4**	2	85	87

Non-recurring items mainly include capital gains and losses.

OTHER ITEMS EFFECTING COMPARABILITY BY SEGMENT

MEUR	Q1 2009	Q1 2008	2008	Last twelve months
Power Generation 1)	**0**	36	53	17
Heat	**1**	7	-7	-13
Distribution	**0**	-1	-2	-1
Markets	**-9**	-10	-2	-1
Russia	**-**	-	-	-
Other	**1**	-6	-9	-2
Total	**-7**	26	33	0
1) Including effects from the accounting of Fortum's part of the Finnish State Nuclear Waste Management Fund with (EUR million):	**-11**	-9	-19	-21

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	Q1 2009	Q1 2008	2008	Last twelve months
Power Generation	**23**	24	97	96
Heat	**38**	42	169	165
Distribution	**39**	41	165	163
Markets	**1**	2	7	6
Russia	**19**	-	67	86
Other	**2**	2	10	10
Total	**122**	111	515	526

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

	Q1 2009	Q1 2008	2008	Last twelve months
Power Generation 1), 2)	**-6**	-8	26	28
Heat	**5**	7	12	10
Distribution	**4**	10	16	10
Markets	**0**	0	5	5
Russia	**-**	-	19	19
Other	**-36**	25	48	-13
Total	**-33**	34	126	59
1) Including effects from the accounting of Fortum's associates part of Finnish and Swedish Nuclear Waste Management Funds with (EUR million):	**-3**	-3	9	9

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

PARTICIPATIONS IN ASSOCIATES AND JOINT VENTURES BY SEGMENT

MEUR	**March 31 2009**	March 31 2008	Dec 31 2008
Power Generation	**840**	800	818
Heat	**162**	172	160
Distribution	**217**	233	210
Markets	**12**	8	12
Russia	**390**	490	429
Other	**479**	808	483
Total	**2 100**	2 511	2 112

CAPITAL EXPENDITURE BY SEGMENT

MEUR	**Q1 2009**	Q1 2008	2008	Last twelve months
Power Generation	**21**	18	134	137
Heat [1)]	**70**	91	408	387
Distribution [2)]	**36**	61	296	271
Markets	**1**	1	3	3
Russia	**21**	-	256	277
Other	**1**	4	11	8
Total	**150**	175	1 108	1 083
Of which capitalised borrowing costs	**9**	1	21	29

1) Decrease is mainly due to the finalisation of part of the CHP-plant construction projects.
2) 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	**Q1 2009**	Q1 2008	2008	Last twelve months
Power Generation	**31**	-	0	31
Heat	-	21	23	2
Distribution	-	-	0	0
Markets	-	0	0	0
Russia	**0**	1 031	1 492	461
Other	-	0	1	1
Total	**31**	1 052	1 516	495

Gross investments in shares in Q1 2009 comprise Hafslund Infratek ASA shares acquired in January 2009. See Note 13.

NET ASSETS BY SEGMENT

MEUR	**March 31 2009**	March 31 2008	Dec 31 2008
Power Generation	**5 392**	5 633	5 331
Heat	**3 484**	3 617	3 468
Distribution	**3 090**	3 332	3 032
Markets	**128**	169	188
Russia	**2 000**	2 264	2 205
Other	**659**	822	796
Total	**14 753**	15 837	15 020

RETURN ON NET ASSETS BY SEGMENT

%	**Last twelve months**	Dec 31 2008
Power Generation	**29.7**	29.6
Heat	**8.4**	8.9
Distribution	**7.9**	8.1
Markets	**-11.1**	-14.0
Russia	**-3.0**	-3.7
Other	**-9.0**	-1.8

COMPARABLE RETURN ON NET ASSETS BY SEGMENT

%	**Last twelve months**	Dec 31 2008
Power Generation	**28.7**	28.0
Heat	**7.0**	7.3
Distribution	**7.9**	8.2
Markets	**-12.4**	-15.3
Russia	**-3.0**	-3.8
Other	**-16.9**	-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

MEUR	March 31 2009	March 31 2008	Dec 31 2008
Power Generation	**5 631**	6 155	5 732
Heat	**3 885**	4 033	3 923
Distribution	**3 595**	3 874	3 546
Markets	**766**	612	663
Russia	**2 257**	2 541	2 476
Other	**820**	934	997
Assets included in Net assets	**16 954**	18 149	17 337
Interest-bearing receivables	**815**	792	799
Deferred taxes	**3**	1	2
Other assets	**896**	312	819
Liquid funds	**3 041**	2 237	1 321
Total assets	**21 709**	21 491	20 278

LIABILITIES BY SEGMENTS

MEUR	March 31 2009	March 31 2008	Dec 31 2008
Power Generation	**239**	522	401
Heat	**401**	416	455
Distribution	**505**	542	514
Markets	**638**	443	475
Russia	**257**	277	271
Other	**161**	112	201
Liabilities included in Net assets	**2 201**	2 312	2 317
Deferred tax liabilities	**1 830**	1 899	1 851
Other liabilities	**274**	412	199
Total liabilities included in Capital employed	**4 305**	4 623	4 367
Interest-bearing liabilities	**8 675**	7 465	7 500
Total equity	**8 729**	9 403	8 411
Total equity and liabilities	**21 709**	21 491	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

NUMBER OF EMPLOYEES	March 31 2009	March 31 2008	Dec 31 2008
Power Generation	**3 511**	3 544	3 520
Heat	**2 223**	2 445	2 318
Distribution	**1 184**	1 175	1 336
Markets	**626**	814	635
Russia	**6 192**	7 187	7 262
Other	**531**	524	508
Total	**14 267**	15 689	15 579

The decrease in number of employees in Fortum during Q1 2009 is mainly an effect from outsourcing of certain infrastructure functions from Power Generation's Service Business unit and Distribution segment to Hafslund Infratek ASA. Within the Group, a number of people working in TGC-10 were transferred to Power Generation's Service Business unit.

AVERAGE NUMBER OF EMPLOYEES	Q1 2009	Q1 2008	2008
Power Generation	**3 519**	3 523	3 591
Heat	**2 255**	2 324	2 422
Distribution	**1 227**	1 144	1 222
Markets	**631**	846	766
Russia	**6 494**	-	5 566
Other	**518**	519	510
Total	**14 644**	8 356	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/investors/financial information.

QUARTERLY SALES BY SEGMENTS

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

QUARTERLY OPERATING PROFIT BY SEGMENTS

MEUR	**Q1 2009**	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Power Generation	**423**	470	438	260	431
Heat	**113**	155	-15	37	130
Distribution	**81**	61	50	51	86
Markets	**-11**	-29	-17	31	-20
Russia	**5**	-19	-39	-33	0
Other	**-12**	-27	-22	2	-18
Total	**599**	611	395	348	609

QUARTERLY COMPARABLE OPERATING PROFIT BY SEGMENTS

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

QUARTERLY NON-RECURRING ITEMS BY SEGMENT

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

QUARTERLY OTHER ITEMS EFFECTING COMPARABILITY

MEUR	**Q1 2009**	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Power Generation [1)]	**0**	85	56	-124	36
Heat	**1**	-14	-10	10	7
Distribution	**0**	-2	-1	2	-1
Markets	**-9**	-29	-9	46	-10
Russia	**-**	-	-	-	-
Other	**1**	-5	-9	11	-6
Total	**-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):	**-11**	-12	10	-8	-9

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 that 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		**March 31 2009**		March 31 2008		Dec 31 2008
Interest and currency derivatives	**Notional value**	**Net fair value**	Notional value	Net fair value	Notional value	Net fair value
Interest rate swaps	**4 080**	**3**	2 856	20	2 993	-12
Forward foreign exchange contracts	**5 440**	**226**	5 020	-5	4 521	370
Forward rate agreements	**137**	**-**	745	-	230	0
Interest rate and currency swaps	**2 241**	**230**	3 131	49	2 240	218

Electricity derivatives	**Volume**	**Net fair value**	Volume	Net fair value	Volume	Net fair value
	TWh	**MEUR**	TWh	MEUR	TWh	MEUR
Sales swaps	**175**	**2 400**	121	61	165	2 102
Purchase swaps	**115**	**-1 842**	96	-61	123	-1 692
Purchased options	**6**	**6**	0	0	2	0
Written options	**6**	**-19**	4	2	4	-14

Oil derivatives	**Volume**	**Net fair value**	Volume	Net fair value	Volume	Net fair value
	1000 bbl	**MEUR**	1000 bbl	MEUR	1000 bbl	MEUR
Sales swaps and futures	**1 112**	**12**	464	-4	1 047	-14
Purchase swaps and futures	**1 140**	**-13**	692	9	1 230	11

Coal derivatives	**Volume**	**Net fair value**	Volume	Net fair value	Volume	Net fair value
	kt	**MEUR**	kt	MEUR	kt	MEUR
Sold	**399**	**4**	105	-1	276	7
Bought	**713**	**-16**	330	4	641	-16

CO2 emission allowance derivatives	**Volume**	**Net fair**	Volume	value	Volume	value
	ktCO2	**MEUR**	ktCO2	MEUR	ktCO2	MEUR
Sold	**1 016**	**6**	3 951	-13	592	4
Bought	**1 011**	**-6**	3 896	14	592	-4

Share derivatives	**Notional value**	**Net fair value**	Notional value	Net fair value	Notional value	Net fair value
	MEUR	**MEUR**	MEUR	MEUR	MEUR	MEUR
Share forwards [1)]	**24**	**15**	35	40	37	24

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

7. ACQUISITIONS AND DISPOSALS

No investment in subsidiary shares occured in Q1 2009. In Q1 2008 gross investments in subsidiary shares amounted to EUR 1,045 million.

Acquisition of TGC-10

The initial purchase price allocation as of 31 March 2008 has been finalised. No material changes has 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.

MEUR	**TGC-10**
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 Book Values	Allocated Fair Values	Total 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 TGC-10:	
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-March 2009**	Jan-Dec 2008	Jan-Sept 2008	Jan-June 2008	Jan-March 2008
Sweden (SEK)	**10.9679**	9.6647	9.4559	9.4088	9.4265
Norway (NOK)	**9.1034**	8.2605	8.0187	7.9843	7.9998
Poland (PLN)	**4.5018**	3.5328	3.4402	3.4926	3.5676
Russia (RUB)	**44.3928**	36.6905	36.5670	36.6348	36.4660

Balance sheet date rate	**March 31 2009**	Dec 31 2008	Sept 30 2008	June 30 2008	March 31 2008
Sweden (SEK)	**10.9400**	10.8700	9.7943	9.4703	9.3970
Norway (NOK)	**8.8900**	9.7500	8.3330	8.0090	8.0510
Poland (PLN)	**4.6885**	4.1535	3.3967	3.3513	3.5220
Russia (RUB)	**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 March 2009 was 20.8% (20.4%). The tax rate for the period is higher than in the comparable period 2008 mainly due to the impact of the lower share of profits from associates for the period.

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 Fortums share of profits after tax. The tax rate for the period calculated excluding the share of profits from associates and joint ventures was 19.6% (21.6%). The tax rate is impacted by the lowering c 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 2009	Q1 2008	2008
Earnings (MEUR):			
Profit attributable to the owners of the parent	**406**	452	1 542
Number of shares (thousands):			
Weighted average number of shares for the purpose of basic earnings per share	**888 095**	887 085	887 256
Effect of dilutive share options	**155**	1 092	583
Weighted average number of shares for the purpose of diluted earnings per share	**888 250**	888 177	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. These financial statements do not reflect this dividend. The dividend was paid on 21 April 2009.

The Annual General Meeting on 1 April 2008 decided to distribute a dividend 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	**March 31 2009**	March 31 2008	Dec 31 2008
Opening balance	**12 533**	11 428	11 428
Increase through acquisition of subsidiary companies	**-**	1 857	1 980
Capital expenditures	**141**	174	1 087
Capitalised borrowing costs	**9**	1	21
Changes of nuclear asset retirement cost	**0**	-	22
Changes of emission rights	**0**	0	14
Disposals	**-1**	-2	-14
Depreciation, amortisation and impairment	**-122**	-111	-515
Sale of subsidiary companies	**-5**	-	-31
Translation differences and other adjustments	**-231**	39	-1 459
Closing balance	**12 324**	13 386	12 533

13. CHANGES IN PARTICIPATIONS IN ASSOCIATES AND JOINT VENTURES

MEUR	March 31 2009	March 31 2008	Dec 31 2008
Opening balance	**2 112**	2 853	2 853
Share of profits of associates and joint ventures	**-33**	34	126
Investments	**31**	7	7
Share issues and shareholders' contributions	**-**	1	1
Increase through acquisition of subsidiary companies	**-**	35	36
Reclassifications	**-4**	-1	-3
Divestments	**-**	-	-13
Dividend income received	**-2**	-2	-51
Fair value and other changes in equity	**-3**	-411	-628
Translation differences	**-1**	-5	-216
Closing balance	**2 100**	2 511	2 112

Share of profits from associates and joint ventures
Share of profits from associates in Q1 2009 EUR -33 million (2008: 34 million) mainly represents Fortum's share of profits in Hafslund ASA with EUR -36 million (2008: 25). 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 Hafslund's interim reports are published later than Fortum's interim reports. Hafslund will publish January-March 2009 results on 6 May 2009.

Investments
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.

Fair value and other changes in equity
Fair value and other changes in equity mainly represents the fair value change in Hafslund's shareholding in REC. In Q1 the fair value change of the REC shares was EUR -4 million (2008: -409 million). The cumulative fair value change in Fortum's equity, based on the remaining number of shares reported by Hafslund, was EUR 122 millio at 31 March 2009, which represents a decrease with EUR 4 million during Q1 2009.

14. SHARE CAPITAL

MEUR	Number of shares March 31 2009	Share capital March 31 2009	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
Shares subscribed with options and registered at the end of the period	**528 087**	**1**	955 022	4
Registered shares at the end of the period	**888 166 167**	**3 045**	887 638 080	3 044
Unregistered shares	-		56 000	

15. INTEREST-BEARING LIABILITIES

During the first quarter Fortum 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. This new financing is partly used in April by prepaying EUR 500 million of the 3 year EUR 2 billion term-loan and all drawn amounts (EUR 300 million) under the EUR 1.5 billion 5 year Revolving Credit Facility raised in March 2008 in connection with the acquisition of TGC-10. EUR 800 million has therefore been reclassified to current portion of long-term loans.

The amount of re-borrowing from the Finnish nuclear waste fund was increased by EUR 66 million to EUR 774 million. Fortum also uses short term financing by issuing Commercial Papers (CPs) in the Finnish and Swedish markets. Per quarter end the amount of short term CPs outstanding was EUR 485 million. During the quarter EUR 300 million under the EUR 1.5 billion 5 year revolving Credit Facility and a TGC-10 RUB 5,000 million bond (EUR 112 million) were repaid. The reported interest-bearing debt increased during the quarter by EUR 1,175 million from EUR 7,500 million to EUR 8,675 million. Total Liquid Funds increased by EUR 1,720 million from EUR 1,321 million to EUR 3,041 million including deposits and cash held by TGC-10 amounting to EUR 841 million. The dividends both in 2008 and 2009 were paid after the Q1 reporting date.

16. NUCLEAR RELATED ASSETS AND LIABILITIES

MEUR	**March 31 2009**	March 31 2008	Dec 31 2008
Carrying values in the balance sheet:			
Nuclear provisions	**571**	522	566
Share in the State Nuclear Waste Management Fund	**571**	522	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

The liability regarding the Loviisa nuclear power plant is calculated according to the Nuclear Energy Act and was decided by Ministry of Employment and the Economy in January 2009. 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 i 2007. The legal liability at 31 March 2009, based on the decision by the Ministry of Employment and the Economy and calculated according to the Nuclear Energy Act, amounted to EUR 895 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, have increased by EUR 5 million compared to 31 December 2008, totalling EUR 571 million as of 31 March 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 196 million, since Fortum's share of the Fund as of 31 March 2009 is EUR 767 million and the carrying value in the balance sheet is EUR 571 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 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 Q1 2009 of EUR -11 million, compared to EUR -9 million in Q1 2008 and EUR -19 million in total for 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	**March 31 2009**	March 31 2008	Dec 31 2008
On own behalf			
For debt			
Pledges	**291**	230	229
Real estate mortgages	**137**	138	137
For other commitments			
Real estate mortgages	**206**	102	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 31 March 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 206 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. The size of the securities given is updated yearly in Q2 based on the decisions regarding the legal liabilities and the funding target which takes place around year-end every year. Fortum estimates that the amount of real estate mortgages given as a security to increase with approximately EUR 14 million during Q2 2009.

18. OPERATING LEASE COMMITMENTS

MEUR	**March 31 2009**	March 31 2008	Dec 31 2008
Due within a year	**22**	24	28
Due after one year and within five years	**38**	44	47
Due after five years	**83**	92	86
Total	**143**	160	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	**March 31 2009**	March 31 2008	Dec 31 2008
Property, plant and equipment	**1 130**	458	1 321
Intangible assets	**7**	9	7
Total	**1 137**	467	1 328

The decrease in capital commitments from 31 december 2008 is mainly due to the finalisation of the automatic meter reading investment in Distribution Sweden, the decline o the Russian rouble and that the investments regarding the CHP plants being built in the Heat business in Finland, Estonia and Poland are proceeding.

20. CONTINGENT LIABILITIES

MEUR	**March 31 2009**	March 31 2008	Dec 31 2008
On own behalf			
Other contingent liabilities	**356**	213	362
On behalf of associated companies and joint ventures			
Guarantees	**562**	235	565
Other contingent liabilities	**125**	125	125
On behalf of others			
Guarantees	**14**	10	10
Other contingent liabilities	**1**	1	1

Guarantees on own behalf
Other contingent liabilities on own behalf, EUR 356 million, have decreased with EUR 6 million since 31 December 2008, mainly due to exchange rate changes for the gurantees issued for the fulfillment of various contractual obligations.

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.

Fortum estimates, that the guarantee given on behalf of Teollisuuden Voima Oy (TVO) to the Finnish fund will decrease from currently EUR 70 million at year-end 2008 to EUR 67 million during Q2 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

No material changes in legal actions and official proceedings has occurred during Q1 2009.

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 option schemes, the Finnish state owned 50.77% of the Company's shares at 31 March 2009.

ASSOCIATED COMPANY TRANSACTIONS

MEUR	**Q1 2009**	Q1 2008	2008
Sales to associated companies	**27**	35	113
Interest on associated company loan receivables	**8**	8	34
Purchases from associated companies	**141**	134	563

ASSOCIATED COMPANY BALANCES

MEUR	**Q1 2009**	Q1 2008	Dec 31 2008
Long-term interest-bearing loan receivables	**681**	671	659
Trade receivables	**11**	14	24
Other receivables	**6**	7	5
Long-term loan payables	**199**	184	184
Trade payables	**25**	22	26
Other payables	**8**	34	18

TRANSACTIONS AND BALANCES WITH JOINT VENTURES
Transactions and balances with joint ventures as at and for the period ended 31 March 2009 are not material for the Group.

23. EVENTS AFTER THE BALANCE SHEET DATE

Fortum Corporation's Annual General Meeting (AGM) was held on April 7 2009. Regarding decision for dividend payment, see Note 11.

TGC-10 Annual General Meeting took place on April 15, 2009. Among other decisions shareholders approved renaming of the Company. After official registration of changes to Articles of Association (expected by end of April) the new name of the company will be OAO Fortum.

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, %	=	Profit for the year / Total equity average	x 100
Return on capital employed, %	=	Profit before taxes + interest and other financial expenses / Capital employed average	x 100
Return on net assets, %	=	Operating profit + Share of profit (loss) in associated companies and joint ventures / Net assets average	x 100
Comparable return on net assets, %	=	Comparable operating profit + Share of profit (loss) in associated companies and joint ventures (adjusted for IAS 39 effects and major sales gains or losses) / 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, %	=	Interest-bearing net debt / Total equity	x 100
Equity-to-assets ratio, %	=	Total equity including minority interest / Total assets	x 100
Net debt / EBITDA	=	Interest-bearing net debt / Operating profit + Depreciation, amortisation and impairment charges	
Interest coverage	=	Operating profit / Net interest expenses	
Earnings per share (EPS)	=	Profit for the period - minority interest / Average number of shares during the period	
Equity per share	=	Shareholder's equity / Number of shares excluding treasury shares at the end of the period	
Last twelve months	=	Twelve months preceding the reporting date	