Fortum Corporation

Interim Report
January-March 2011

28 April 2011

Fortum Corporation
Domicile Espoo
Business ID 1463611-4

Q1 overall a good start of the year

- Comparable operating profit EUR 649 (651) million, 0%
- Earnings per share EUR 0.76 (0.63), +21%
- Clearly lower hydro volumes partly offset by improved nuclear availability
- Nordic power price and hedge definition modified. 70% hedged at EUR 44 per MWh for the rest of 2011 and 45% hedged at EUR 45 per MWh for 2012 (according to the old definition: 65% at EUR 44 per MWh for 2011 and 45% at EUR 45 per MWh for 2012)

Key figures	I/11	I/10	2010	LTM*
Sales, EUR million	2,034	1,947	6,296	6,383
Operating profit, EUR million	900	724	1,708	1,884
Comparable operating profit, EUR million	649	651	1,833	1,831
Profit before taxes, EUR million	904	713	1,615	1,806
Earnings per share, EUR	0.76	0.63	1.46	1.60
Net cash from operating activities, EUR million	454	521	1,437	1,370
Shareholders' equity per share, EUR	9.30	8.96	9.24	N/A
Interest-bearing net debt (at end of period), EUR million	6,367	5,679	6,826	N/A
Average number of shares, 1,000s	888,367	888,367	888,367	888,367

*) Last twelve months

Key financial ratios	2010	LTM
Return on capital employed, %	11.6	12.6
Return on shareholders' equity, %	15.7	17.5
Net debt/EBITDA	3.0	2.6

Fortum's President and CEO Tapio Kuula in connection with the first quarter 2011:

"Our first quarter 2011 results provide a good basis for the year. The Heat and Russia divisions as well as the Distribution and Electricity Sales businesses clearly improved their results from a year ago. Power Division's results were burdened mainly by a lower power sales price and clearly lower hydro volumes, which were partly offset by improved nuclear availability. Characteristic for Fortum's business is its seasonality and in 2011 we expect the Power Division's result to be more weighted towards the end of the year compared to 2010. This will be mainly driven by improved nuclear availability and current forward prices for power.

The Nordic power consumption decreased somewhat and the overall Russian power demand was flat in the first quarter of 2011. Industrial activity has clearly picked up in Fortum's key market areas and the Russian economy has continued along a solid path of recovery. Furthermore, the Russian power market reform progressed in line with the Russian Government's decisions, liberalising the electricity wholesale market from the beginning of 2011.

In March, the world's strongest earthquake in 40 years and the ensuing tsunami caused immense damage and immeasurable human suffering in Japan. The incident that followed in the Fukushima nuclear power plant has proven to be very serious.

An emergency meeting of energy ministers and nuclear operators convened by the EU Energy Commissioner took place shortly after the incident in March. The proposed EU-wide safety reviews for nuclear power plants are an important step towards using more uniform international standards to test nuclear plant safety. An open dialogue about risks and nuclear power safety benefits both energy producers and consumers. The incident in Japan has not changed the underlying fundamentals of the Loviisa nuclear plant replacement investments.

Major decisions concerning our sector must be made with careful consideration and with a long-term horizon, because they also impact the lives of future generations. The energy industry, and the electricity sector in particular, has become one of the most interesting branches of business globally, and its importance will only grow in the future. Fortum therefore continues to look for further opportunities for future growth stemming from the need for CO_2-free and energy-efficient solutions and the increasing demand for electricity."

Financial results

January-March

Group sales were EUR 2,034 (1,947) million. Group operating profit totalled EUR 900 (724) million. Fortum's operating profit for the first quarter 2011 was affected by EUR 173 (36) million by the IFRS accounting treatment (IAS 39) of derivatives mainly used for hedging Fortum's power production. The comparable operating profit, which was not impacted by the accounting treatment, totalled EUR 649 (651) million.

The total of non-recurring items, mark-to-market effects and nuclear fund adjustments in the first quarter of 2011 amounted to EUR 251 (73) million. Of this total, non-recurring items totalled EUR 82 (46) million, which mainly relates to the divestment of the district heat operations and production facilities outside Stockholm.

Sales by division

EUR million	I/11	I/10	2010	LTM
Power	693	769	2,702	2,626
Heat	725	651	1,770	1,844
Russia	295	244	804	855
Distribution*	311	280	963	994
Electricity Sales*	373	637	1,798	1,534
Other	30	5	51	76
Netting of Nord Pool transactions	-366	-683	-1,736	-1,419
Eliminations	-27	44	-56	-127
Total	2,034	1,947	6,296	6,383

* Part of the Electricity Solutions and Distribution Division

Comparable operating profit by division

EUR million	I/11	I/10	2010	LTM
Power	325	424	1,298	1,199
Heat	171	132	275	314
Russia	34	16	8	26
Distribution*	124	102	307	329
Electricity Sales*	11	-13	11	35
Other	-16	-10	-66	-72
Total	649	651	1,833	1,831

* Part of the Electricity Solutions and Distribution Division

Operating profit by division

EUR million	I/11	I/10	2010	LTM
Power	489	467	1,132	1,154
Heat	265	159	303	409
Russia	34	32	53	55
Distribution*	125	113	321	333
Electricity Sales*	-20	-29	46	55
Other	7	-18	-147	-122
Total	900	724	1,708	1,884

* Part of the Electricity Solutions and Distribution Division

The average Swedish krona (SEK) rate was approximately 11% stronger against the euro during the first quarter 2011 than during the corresponding period in 2010. The SEK effect impacted Heat and Distribution positively, while Power was burdened by the higher cost levels due to the SEK /EUR ratio and the euro-denominated power sales. The strong SEK also had a negative impact on the cash flow.

The share of profits of associates and joint ventures was EUR 59 (16) million. The increase was mainly due to the improvement in the contribution from Hafslund ASA that booked a capital gain on the sales of Hafslund Fibernett AS.

The Group's net financial expenses increased to EUR 55 (27) million. The increase is attributable to higher interest expenses and to the change in the fair value of financial instruments of EUR -1 (11) million.

Profit before taxes was EUR 904 (713) million.

Taxes for the period totalled EUR 158 (130) million. The tax rate according to the income statement was 17.5% (18.2%).

The profit for the period was EUR 746 (583) million. Fortum's earnings per share were EUR 0.76 (0.63). The effect on earnings per share by the accounting treatment of derivatives was EUR 0.14 (0.03).

Non-controlling (minority) interests amounted to EUR 68 (24) million. These are mainly attributable to Fortum Värme Holding AB, in which the city of Stockholm has a 50% economic interest. The increase in the first quarter of 2011, compared the corresponding period in 2010, is mainly due to the minority's share, EUR 30 million, of the gain recognised from the divestment of Fortum Värme's heat businesses outside the Stockholm area.

Cash flow from operating activities totalled EUR 454 (521) million. It was affected by the realised foreign exchange losses, which amounted to EUR 254 (137) million during the first quarter of 2011. The foreign exchange gains and losses relate to the rollover of foreign exchange contracts hedging loans to Fortum's Swedish subsidiaries.

Fortum's financial key ratios for the last twelve months were: return on capital employed 12.6% (12.3), return on shareholders' equity 17.5% (17.6) and net debt to EBITDA 2.6 (3.0 at the end of 2010). The comparable net debt to EBITDA for the last twelve months was 2.6.

Market conditions

Nordic countries

The first quarter was characterised by record-low water reservoir levels leading to almost constant power imports from the Continental Europe. This resulted in Nordic power prices well above Continental prices. However, at the end of the quarter, the reservoir levels increased due to a week of high precipitation. Temperatures were close to average during the period.

According to preliminary statistics, the Nordic countries consumed 114 (118) TWh of electricity in the first quarter of 2011, which was about 3% less than in the previous year. The decrease was mainly due to warmer weather than the previous year.

At the beginning of 2011, the Nordic water reservoirs were 29 terawatt-hours (TWh) below the long-term average. At the end of the first quarter 2011, the Nordic water reservoirs were at 21 TWh below the long-term average and 8 TWh below the corresponding level last year.

During the first quarter, the average system spot price for power in Nord Pool was EUR 66.2 (59.5) per megawatt-hour (MWh). The Finnish and Swedish area prices were below the system price level, at EUR 64.8 (70.8) per MWh in Finland and EUR 65.9 (72.3) per MWh in Sweden. The difference between the system price and the Finnish and Swedish area prices was mainly due to lower reservoir levels in Norway.

Russia

According to preliminary statistics, Russia consumed 285 (281) TWh of electricity in the first quarter of 2011. The corresponding figure in the First price zone (European and Urals part of Russia) was 211 (207) TWh.

OAO Fortum operates in the Tyumen and Chelyabinsk areas. In the Tyumen area, where industrial production is dominated by the oil and gas industries, electricity demand was approximately at the same level compared to the previous year. The recession did not affect electricity demand in the Tyumen region in the previous year and therefore year-on-year electricity demand was flat. In the Chelyabinsk area, which is dominated by the metal industry, electricity demand increased by about 4% in the first quarter compared to the previous year. The increase is mainly due to the recovery in industrial consumption.

The average electricity spot price, excluding capacity price, in the First price zone increased 20% to RUB 1,033 (862) per MWh in the first quarter of 2011.

More detailed information about the market fundamentals is included in the tables at the end of the report.

Division reviews

Power

The Power Division consists of Fortum's power generation, physical operation and trading as well as expert services for power producers.

EUR million	I/11	I/10	2010	LTM
Sales	693	769	2,702	2,626
- power sales	657	745	2,580	2,492
of which Nordic power sales*	504	555	2,035	1,984
- other sales	36	24	122	134
Operating profit	489	467	1,132	1,154
Comparable operating profit	325	424	1,298	1,199
Net assets (at period-end)	5,996	5,591	5,806	
Return on net assets, %			19.5	19.6
Comparable return on net assets, %			22.3	20.2
Capital expenditure and gross investments in shares	33	33	122	122
Number of employees	1,812	1,866	1,819	

Power generation by source, TWh	I/11	I/10	2010	LTM
Hydropower, Nordic	4.1	5.4	22.0	20.7
Nuclear power, Nordic	6.8	5.9	22.0	22.9
Thermal power, Nordic	1.7	0.8	2.3	3.2
Total in the Nordic countries	12.6	12.1	46.3	46.8
Thermal power in other countries	0.3	0.3	1.1	1.1
Total	12.9	12.4	47.4	47.9

Nordic sales volumes, TWh	I/11	I/10	2010	LTM
Nordic sales volume	13.2	13.6	51.5	51.1
of which Nordic power sales volume*	10.5	10.9	42.5	42.1

* The Nordic power sales income and volume does not include thermal generation, market price-related purchases or minorities (i.e. Meri-Pori, Inkoo and imports from Russia). More info on page 44.

Sales price, EUR/MWh	I/11	I/10	2010	LTM
Power's Nordic power price**	47.9	50.9	47.9	47.1

** Power's Nordic power price does not include sales income from thermal generation, market price-related purchases or minorities (i.e. Meri-Pori, Inkoo and imports from Russia). The Nordic power price calculated according to the former definition was 49.4 EUR/MWh for January-March 2011. More info on page 44.

In order to enhance transparency Fortum has modified the way it defines Power's Nordic power price, hedge ratios and price in order to better correspond to the existing environment and to the way Fortum's business and hedging is conducted. According to the new definition, the Nordic power price and hedge price for Fortum Power Division's Nordic generation does not include sales income from thermal generation, market price-related purchases or minorities (i.e. Meri-Pori, Inkoo and imports from Russia). The hedge ratio now excludes the financial hedges and physical volume of Fortum's coal condensing generation as well as market-related purchases from Russia.

The Power Division's comparable operating profit is expected to be more year-end weighted in 2011 compared to 2010, mainly driven by improving nuclear availability and current forward prices for power. In the first quarter, the Power Division's comparable operating profit was EUR 99 million lower than in the corresponding period in 2010. The decline in the result was a consequence of several factors. Nuclear availability improved, but lower hydro volume combined with the lower Nordic power price had a negative effect of approximately EUR 50 million. The SEK currency impact on costs was also negative and totalled approximately EUR 15 million. Costs related to the increased Swedish property tax totalled approximately EUR -5 million. In addition, the impact of the expired Russian power import contract was approximately EUR -20 million, and it is estimated to be approximately EUR -40 million for the full year 2011.

During January-March, the division's power generation in the Nordic countries was 12.6 (12.1) TWh, which corresponds to 4% increase in the power generation in the Nordic countries compared to the first quarter of 2010. In Sweden, nuclear availability improved which increased nuclear volumes and partly offset the clearly lower hydro volumes. Hydro inflow and reservoir levels remained at a historically low level during the period. The use of three Inkoo blocks and the end of the Meri-Pori lease last year enabled higher thermal production.

Power's Nordic sales volume was 0.4 TWh lower compared to the corresponding period in 2010. The Nordic power sales totalled 10.5 (10.9) TWh. A major Russian power import contract ceased at the end of 2010. The role of the Russian import is expected to diminish in the future due to smaller price differences in the Russian and Nordic markets.

In the first quarter of 2011, the Nordic power price amounted to EUR 47.9 per MWh, which was EUR 3.0 per MWh lower than in the first quarter of 2010. Lower area prices in Sweden and Finland, the relatively high hedge ratio for the first quarter and the lower hedge prices negatively impacted the Nordic power price.

Nuclear availability improved. Nine out of ten of Fortum’s own or co-owned nuclear power reactors operated well during the first quarter of 2011. Oskarshamn 3, which has been suffering from bearing problems with its renewed turbine, was running at approximately 1,100-MW power levels, which corresponds to the power level before the capacity increases. Commissioning test runs have re-started since the beginning of March 2011 and the plant has been able to reach approximately 1,300 MW (full power level 1,400 MW) in mid-April.

The on-going Swedish nuclear investment programmes will enhance safety, improve availability and increase the capacity of the current nuclear fleet. The implementation of the investment programmes might affect availability. Fortum’s power procurement costs from co-owned nuclear companies are affected by these investment programmes; however the operating costs are expected to stabilise at the current level. In 2011, the division's costs are estimated to remain roughly at the same level as in 2010 excluding the SEK translation and Swedish hydro property tax effects.

In March 2011, the Finnish Parliament approved a temporary renewal of the current Finnish Nuclear Liability Act introducing the EUR 700 million compensation limits and unlimited liability for the operator. This temporary revision will come into force as of 1 January 2012 and will be valid until the renewed Paris and Brussels conventions are ratified.

All of Fortum's fully or partly-owned reactors fulfil the present safety standards set by authorities. The existing Fortum reactor fleet has been upgraded from the original design with Severe Accident Management (SAM) systems. The purpose of the upgrades is to manage severe accidents without major releases of radioactivity into the environment.

Post Japan, the Finnish nuclear safety authority STUK has started an additional evaluation of safety in cases of power loss, exceptional weather and environmental conditions. The results of this evaluation will be ready by middle of May 2011. Fortum expects the Swedish nuclear safety authority SSM to start corresponding safety evaluations in Sweden in the near future. The EU has initiated safety evaluations to be carried out by end of this year, which might result in more harmonised international standards. Therefore Fortum believes that some additional safety criteria could be introduced for new and old nuclear power plants.

Heat

The Heat Division consists of combined heat and power (CHP) generation, district heating activities and business-to-business heating solutions in the Nordic countries and other parts of the Baltic Rim.

EUR million	I/11	I/10	2010	LTM
Sales	725	651	1,770	1,844
- heat sales	529	470	1,269	1,328
- power sales	151	145	368	374
- other sales	45	36	133	142
Operating profit	265	159	303	409
Comparable operating profit	171	132	275	314
Net assets (at period-end)	4,030	3,955	4,182	
Return on net assets, %			8.4	10.6
Comparable return on net assets, %			7.7	8.3
Capital expenditure and gross investments in shares	58	62	305	301
Number of employees	2,770	2,479	2,394	

Heat sales volumes during January – March 2011 amounted to 10.4 (10.6) TWh and were mainly generated in the Nordic countries. During the same period, power sales volumes totalled 2.7 (2.4) TWh. The power volume increase was mainly due to new combined heat and power (CHP) capacity in Poland and Estonia. Temperatures were lower than average during the quarter, but higher compared to the corresponding period last year. This resulted in a decrease in heat volumes.

The division's comparable operating profit for January-March 2011 totalled EUR 171 (132) million. Better availability, lower peak-load impact on production costs and higher heat sales margins in Sweden accounted for approximately two-thirds of the result improvement. The remaining was largely due to the stronger SEK currency.

In January, the old production line for city gas was closed and a new, more environmentally benign quality of gas was successfully introduced in the city gas network in Stockholm, Sweden. In addition, the first station for commercial biogas fuel for cars was opened at the Arlanda airport in Stockholm during the first quarter.

In Finland, taxes on fuels for heat production were increased as of 1 January 2011. These increases were reflected in end-user prices for heat accordingly.

Heat sales by area, TWh	I/11	I/10	2010	LTM
Finland	3.4	3.5	9.6	9.5
Sweden	4.2	4.6	10.9	10.5
Poland	2.1	1.8	4.0	4.3
Other countries	0.7	0.7	1.6	1.6
Total	10.4	10.6	26.1	25.9

Power sales, TWh	I/11	I/10	2010	LTM
Total	2.7	2.4	6.5	6.8

Russia

The Russia Division consists of power and heat generation and sales in Russia. It includes OAO Fortum and Fortum's over 25% holding in TGC-1, which is an associated company and is accounted for using the equity method.

EUR million	I/11	I/10	2010	LTM
Sales	295	244	804	855
- power sales	162	130	505	537
- heat sales	132	113	287	306
- other sales	1	1	12	12
EBITDA	57	52	139	144
Operating profit	34	32	53	55
Comparable operating profit	34	16	8	26
Net assets (at period-end)	2,918	2,489	2,817	
Return on net assets, %			2.4	2.6
Comparable return on net assets, %			0.7	1.6
Capital expenditure and gross investments in shares	75	91	599	583
Number of employees	4,418	4,688	4,294	

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

The Russia Division's power sales volumes amounted to 5.6 (5.5) TWh during the first quarter of 2011. During the same period, heat sales totalled 11.0 (11.5) TWh.

The Russian wholesale power sector reform proceeded according to plan and the Russian wholesale power market was liberalised as of the beginning of 2011. All generating companies continue to sell a part of their electricity and capacity equalling the consumption of households under regulated prices. In January – March 2011, OAO Fortum sold 84% of its power production at a liberalised electricity price.

Key electricity, capacity and gas prices for OAO Fortum	I/11	I/10	Change	2010	LTM	Change
Electricity spot price (market price), Urals hub, RUB/MWh	950	817	133	835	868	33
Average regulated electricity price for OAO Fortum, RUB/MWh	718	620	98	614	627	13
Average capacity price, tRUB/MW/month	214	181	33	191	199	8
Average regulated capacity price, tRUB/MW/month	183	168	15	169	171	2
Average regulated gas price in Urals region, RUB/1000 m3	2,548	2,221	327	2,221	2,303	82
Achieved power price for OAO Fortum, EUR/MWh	29.2	23.7	5.5	27.0	28.6	1.6

The Russia Division's comparable operating profit was EUR 34 (16) million in the first quarter of 2011. The improvement was mainly attributable to higher electricity market prices but also to the commissioning of the new unit at the Tyumen CHP-1 power plant.

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

The new rules for the long-term capacity market starting from 2011 have been approved by the Russian Government. The generation capacity built after 2007 under the government capacity supply agreements (CSA) will receive guaranteed payments for a period of 10 years. Prices for capacity under CSA are defined in order to ensure a sufficient return on investments. Capacity that is not under CSA will compete in competitive capacity selection (CCS). In December 2010, the first CCS for the year 2011 was held in accordance with the new rules of the long-term capacity market. The original plan to decide the CCS for the period 2012-2015 during the fourth quarter in 2011 has been changed and now only covers the year 2012. The long-term CSS is expected to be arranged in 2012.

Upon completion, OAO Fortum's new capacity will be a key driver for solid earnings growth in Russia as it will bring income from new volumes sold and receive considerably higher capacity payments than the old capacity. In 2011, OAO Fortum's weighted price of old capacity is expected to be on average approximately RUB 160,000/MW/month, marginally lower than earlier expected, due to removal of inflation correction for 2011. The price might, however, differ depending on the location of the plant and due to seasonality. The first and fourth quarters have higher capacity income than the second and third quarters. The payments for new capacity are currently estimated to be approximately 3-4 times higher than the average price for the old capacity. The return for the new capacity is guaranteed, but might vary somewhat because it is linked to the Russian Government long-term bonds with 8 to 10 years maturity.

Fortum is committed to its EUR 2.5 billion investment programme in Russia and the schedule of the programme is to commission the last new units in 2014. The value of the remaining part of the investment programme, calculated at the exchange rates prevailing at the end of March 2011, is estimated to be approximately EUR 1.4 billion as of April 2011.

The first unit in Fortum’s extensive investment programme in Russia started capacity sales in early February 2011 at the Tyumen CHP-1 power plant. An additional two new units are estimated to start capacity sales in mid-2011.

OAO Fortum's efficiency improvement programme is proceeding according to plans. Efficiency improvements are expected to be approximately EUR 100 million in 2011 compared to the level at the time of the acquisition in 2008.

Electricity Solutions and Distribution

The division is responsible for Fortum's electricity sales and distribution activities and consists of two business areas: Distribution and Electricity Sales.

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/11	I/10	2010	LTM
Sales	311	280	963	994
- distribution network transmission	271	244	820	847
- regional network transmission	28	26	92	94
- other sales	12	10	51	53
Operating profit	125	113	321	333
Comparable operating profit	124	102	307	329
Net assets (at period-end)	3,711	3,419	3,683	
Return on net assets, %			9.7	9.9
Comparable return on net assets, %			9.3	9.8
Capital expenditure and gross investments in shares	34	29	213	218
Number of employees	888	1,132	962	

The volume of distribution and regional network transmissions during the first quarter of 2011 totalled 8.6 (8.9) TWh and 4.9 (5.0) TWh, respectively.

During the first quarter of 2011, electricity transmission via the regional distribution network totalled 4.1 (4.2) TWh in Sweden and 0.8 (0.8) TWh in Finland.

The Distribution business area's comparable operating profit in the first quarter was EUR 124 million, an increase of EUR 22 million compared to the corresponding period of the previous year. Almost half of the increase was due the higher SEK rate.

The preparations for the rollout of smart metering in Finland proceeded during the first quarter, and the installations of smart meters to the network customers started at the end of March. The new Finnish legislation on hourly meter reading will be effective as of 1 January 2014.

In Sweden, a new network regulation model will come into effect on 1 January 2012. In the new model, the Energy Markets Inspectorate (EI) will decide in advance on the levels of the allowed income during a four year period. On 31 March 2011, Fortum submitted the income frame application for 2012-2015. EI will now investigate all Swedish grid companies' applications, and the decisions about the income frames will be made before 31 October 2011.

In Finland, the preparation work for the 3rd regulatory period (2012-2015) is underway. Decisions for the Finnish regulation model by the regulator are expected in November 2011.

Volume of distributed electricity in distribution network, TWh	I/11	I/10	2010	LTM
Sweden	4.5	4.7	15.2	15.0
Finland	3.2	3.2	10.0	10.0
Norway	0.8	0.9	2.5	2.4
Estonia	0.1	0.1	0.2	0.2
Total	8.6	8.9	27.9	27.6

Number of electricity distribution customers by area, thousands	31 March 2011	31 March 2010
Sweden	893	882
Finland	622	611
Other countries	126	124
Total	1,641	1,617

Electricity Sales

The Electricity Sales business area is responsible for retail sales of electricity to a total of 1.2 million private and business customers. It is the leading seller of eco-labelled and CO_2-free electricity in the Nordic countries. Electricity Sales buys its electricity from the Nordic power exchange.

EUR million	I/11	I/10	2010	LTM
Sales	373	637	1,798	1,534
- power sales	368	632	1,778	1,514
- other sales	5	5	20	20
Operating profit	-20	-29	46	55
Comparable operating profit	11	-13	11	35
Net assets (at period-end)	130	163	210	
Return on net assets, %			38.4	47.0
Comparable return on net assets, %			9.3	29.1
Capital expenditure and gross investments in shares	3	0	0	3
Number of employees	500	539	525	

During the first quarter of 2011, the business area's electricity sales volumes totalled 5.5 (9.8) TWh. The restructuring of the unprofitable Business Market segment started in February 2010 and has impacted the sales volume of the Electricity Sales business area from the fourth quarter of 2010 onwards.

Electricity Sales' comparable operating profit in the first quarter of 2011 increased and totalled EUR 11 (-13) million. Restructuring of the unprofitable Business Market segment accounted for more than half of the profit improvement while stable market prices without any extreme price peaks explains mainly the remaining part.

Capital expenditures, divestments and investments in shares

Capital expenditures and investments in shares totalled EUR 205 (216) million in the first quarter of 2011. Investments, excluding acquisitions, were EUR 167 (196) million.

Fortum expects to start the supply of power and heat from new power plants and upgrade existing ones as follows:

	Type	Electricity capacity, MW	Heat capacity, MW	Supply starts *
Heat				
Klaipeda, Lithuania	Waste (CHP)	20	60	Q1 2013
Brista, Sweden	Waste (CHP)	20	57	Q4 2013
Power				
Hydro refurbishment	Hydropower	10-20		2011
Russia**				
Tobolsk	Gas (STPP)	200		Mid-2011
Chelyabinsk 3	Gas (CCGT)	226		Mid-2011
Nyagan 1	Gas (CCGT)	418		2012
Nyagan 2	Gas (CCGT)	418		2012
Nyagan 3	Gas (CCGT)	418		2013

*) Start of commercial operation, preceded by test runs, licensing, etc.
**) Start of capacity sales, preceded by test runs, licensing, etc.

Power

TVO’s Annual General Meeting decided in March 2011 on a private offering by which the company share capital will be increased by approximately EUR 65 million. Fortum’s share of the share issue is approximately EUR 16 million. The subscription price shall be paid in 2011 at a date to be decided by TVO’s Board of Directors. The increase in the share capital is in line with the original plan and a part of Fortum’s EUR 180 million share capital commitments to finance the Olkiluoto 3 project.

Heat

In January 2011, Fortum finalised the acquisition of two Polish power and heat companies from the Polish state. The investment amounted to approximately EUR 22 million.

In March 2011, Fortum finalised the divestment of its district heat operations and heat production facilities outside the Stockholm area in Sweden to Macquarie European Infrastructure Fund II (MEIFII) and to Macquarie Power and Infrastructure Corporation (MPIC). The sales price was approximately EUR 220 million.

The investments and divestments are part of the renewed strategy to focus on the development of CHP production.

Russia

In February 2011, a new unit started its commercial operation at OAO Fortum’s combined heat and power plant Tyumen CHP-1 in the city of Tyumen in Western Siberia. It is the first (of eight) units in Fortum’s extensive investment programme in Russia.

Other

In December 2010, Fortum's associated company Hafslund ASA, ownership 34.1%, sold the shares in its fully-owned subsidiary Hafslund Fibernett AS. Consequently, Fortum booked a gain of EUR 38 million corresponding to approximately EUR 0.04 per share. The gain is booked in the first quarter of 2011 as profit from associated companies.

Financing

Net debt decreased during the first quarter by EUR 459 million to EUR 6,367 million (year-end 2010: EUR 6,826 million). Cash flow from operating activities was EUR 454 (521) million including realised foreign exchange gains and losses, which were EUR -254 (-137) million. The foreign exchange losses and gains mainly relate to the rollover of foreign exchange contracts hedging loans to Fortum's Swedish subsidiaries. Net cash used in investing activities was EUR -15 million.

At the end of the quarter, the Group's liquid funds totalled EUR 1,329 million (year-end 2010: EUR 556 million). The liquid funds include cash and bank deposits held by OAO Fortum amounting to EUR 358 million (year-end 2010: 348 million). In addition to the liquid funds, 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 55 (27) million. The increase in financial expenses is due to changes in the fair value of financial instruments of EUR -1 (11) million as well as higher average debt and interest rates during the period.

Net debt to EBITDA for the last twelve months was 2.6 (3.0 at year-end 2010). Comparable net debt to EBITDA for the last twelve months was 2.6 (2.8).

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

Fortum Corporation is listed on the NASDAQ OMX Helsinki Ltd. During January-March 2011 a total of 139.2 (141.4) million Fortum Corporation shares, totalling EUR 3,120 million, were traded on the NASDAQ OMX Helsinki Ltd. The highest quotation of Fortum Corporation shares during the first quarter was EUR 24.00, the lowest EUR 20.80, and the volume-weighted average EUR 22.40. The closing quotation on the last trading day of the first quarter of 2011 was EUR 23.96 (18.11). Fortum's market capitalisation, calculated using the closing quotation of the last trading day of the quarter, was EUR 21,285 million.

In addition to the NASDAQ OMX Helsinki Ltd., Fortum shares were traded on several alternative market places, for example at Chi-X Europe, BATS and Turquoise. In 2010, alternative market places accounted for approximately 29% of the total amount of Fortum Corporation shares traded.

At the end of the quarter, Fortum Corporation's share capital was EUR 3,046,185,953 and the total number of registered shares was 888,367,045. Fortum Corporation did not own its own shares.

The number of registered shareholders was 101,051 at the end of the review period. The Finnish State's holding in Fortum was 50.8% at the end of the quarter. The proportion of nominee registrations and direct foreign shareholders was 30.0%.

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 period was 10,976 (10,585 at the end of 2010). The increase in employees is related mainly to the Heat Divisions acquisition of two Polish power and heat companies. At the end of the period Power had 1,812 (1,819) employees, Heat 2,770 (2,394), Russia 4,418 (4,294), Distribution 888 (962), Electricity Sales 500 (525) and Other 588 (591).

Research and development

Sustainable solutions are central for Fortum's strategy, and Fortum's research and development activities enable environmentally benign energy solutions.

During January–March, research and development for new bio-energy concepts progressed. Environmental permitting of pyrolysis (an integrated concept for CHP) at the Joensuu CHP plant in Finland has been initiated in order to enable a potential future bio-oil production investment. Fortum is actively involved in torrefaction research and feasibility studies with the goal to replace coal with torrefied biomass in existing power plants.

In addition, a new Charge & Drive service, a turnkey full-service solution for recharging infrastructure of electric cars, was launched simultaneously in Finland and Sweden. The solution uses mobile phones to open vacant recharging points and pay for charging.

The Finnish Funding Agency for Technology and Innovation TEKES decided to finance a new CLEEN (Cluster for Energy and Environment) programme. The programme, in which Fortum actively participates, involves carbon capture and storage solutions. Of the five-year programme, the first-year research volume totals EUR 3.3 million. The consortium consists of 16 companies and 9 universities and research organisations.

The Group reports its R&D expenditure on a yearly basis. In 2010, Fortum's R&D expenditure was EUR 30 million (30 million) or 0.5% of sales (2009: 0.5%) and 0.8% of total expenses (2009: 0.9%).

Events after the balance sheet date

April 19, 2011, Fortum finalized the agreement to sell its 25%-shareholding in the Finnish transmission system operator Fingrid Oyj to the Finnish State (Ministry of Employment and The National Emergency Supply Agency) and Ilmarinen Mutual Pension Insurance Company. The State bought approximately 81% and Ilmarinen approximately 19% of Fortum's Fingrid shares.

The sales price is EUR 325 million. Consequently, Fortum expects to book a gain of roughly EUR 200 million in its second quarter 2011 financial results including Fortum's share of Fingrid's first quarter 2011 profit, corresponding to approximately EUR 0.22 per share.

Fortum sold its holding in Fingrid as a result of the EU's third energy market package that calls for the separation of high voltage transmission and power generation. The package entered into force in September 2009.

Sustainability

Fortum strives for balanced management of economic, social and environmental responsibility in the company's operations. The company has defined both Group- and Division-level sustainability targets guiding operations and key indicators to monitor the targets. Climate change mitigation and the reduction of carbon dioxide emissions are important goals that affect the energy sector and the development of electricity and heat production, but also other environmental targets together with occupational health and safety targets are in focus. Fortum has been listed in Dow Jones Sustainability Index World for eight consecutive years, and the company's overarching target for sustainability is to be included in both Dow Jones Sustainability World and Europe Indexes. In April, Fortum was upgraded in oekom's Corporate Rating, which qualifies the company for a responsible investment in "Prime" class. Fortum can hence use a Prime Logo, which serves as an indicator of the quality of the company's performance in social, cultural and environmental spheres. Oekom research AG is one of the world’s leading rating agencies.

Economic responsibility

In the area of economic responsibility, the focus is on competitiveness, performance excellence and market-driven production. The aim is to create long-term economic well-being, enable profitable growth and added value for shareholders, customers, employees, suppliers of goods, and other key stakeholders in the company's operating areas. Fortum's goal is to achieve excellent financial performance in strategically selected core areas through strong competence and responsible ways of operation. The key figures by which Fortum measures its financial success include return on capital employed (target 12%), return on shareholders' equity (target 14%) and capital structure (target net debt/EBITDA around 3). In addition, Fortum also uses the applicable Global Reporting Initiative (GRI) indicators for reporting economic responsibility.

Environmental responsibility

Fortum’s Group-level climate and environmental targets are related to carbon dioxide emissions, energy efficiency and environmental management system certifications. In addition, the divisions have defined their own environmental goals related to their respective business. The achievements of the environmental targets are monitored through monthly, quarterly and annual reporting.

Fortum’s climate targets over the next five years comprise specific CO_2 emissions in power generation in the EU below 80 grams per kilowatt-hour (g/kWh) and specific CO_2 emissions from the total energy production (electricity and heat) below 200 g/kWh, covering all operating countries. Both targets are calculated as a five-year average.

During January-March 2011, the five-year average for specific CO_2 emissions in power generation in the EU was at 74 g/kWh and the specific CO_2 emissions from the total energy production was at 164 g/kWh, both below the target level. Fortum's total CO_2 emissions in the first quarter of 2011 amounted to 9.3 (9.1) million tonnes (Mt), of which 4.0 (4.0) Mt were within the EU's emission trading scheme (ETS).

In the first quarter of 2011, approximately 54% (63%) of the power generated by Fortum was CO_2-free. The corresponding figure for Fortum's generation within the EU was 74% (82%). The decreased share of CO_2-free production is mainly due to an increase in coal condensing power.

Overall efficiency of fuel use was 69%, the target being >70 %. During January-March 98% of all operations in the EU had been ISO 14001 environmentally certified.

Fortum’s total CO_2 emissions (million tonnes, Mt)	I/11	I/10	2010	LTM
Total emissions	9.3	9.1	25.3	25.5
Emissions subject to ETS	4.0	4.0	9.7	9.7
Free emissions allocation	-	-	5.6	-
Emissions in Russia	4.8	4.9	14.6	14.5

Fortum’s specific CO_2 emissions from power generation (g/kWh)	I/11	I/10	2010	LTM
Total emissions	253	199	189	210
Emissions in the EU	175	111	84	103
Emissions in Russia	476	465	532	533

Social responsibility

In the area of social responsibility, Fortum's key targets are being a good corporate citizen and ensuring a safe working environment for all employees and contractors working at Fortum sites. In addition to ISO 14001, the goal is to have OHSAS 18001 certification for all operational management systems. In January-March, the Group-level safety target for lost workday injury frequency of less than one (LWIF<1) per million working hours for own personnel was at 2.5.

Annual General Meeting

Fortum Corporation's Annual General Meeting, which was held in Helsinki on 31 March 2011, adopted the financial statements of the parent company and the Group for 2010, discharged Fortum's Supervisory Board, Board of Directors and the President and CEO from liability for 2010. The Annual General Meeting decided to pay a dividend of EUR 1.00 per share for 2010. The record date for the dividend payment was 5 April 2011 and the dividend payment date was 12 April 2011.

The Annual General Meeting confirmed the number of members in the Board of Directors to be seven. The following persons were re-elected to the Board of Directors: Sari Baldauf, Christian Ramm-Schmidt, Esko Aho, Ilona Ervasti-Vaintola and Joshua Larson. Minoo Akhtarzand and Heinz-Werner Binzel were elected as new members to the Board of Directors. Sari Baldauf was elected as the Chairman and Christian Ramm-Schmidt as the Deputy Chairman of the Board of Directors. The Board of Directors was elected until the end of the following Annual General Meeting.

The Annual General Meeting confirmed an annual compensation of EUR 66,000 to the Chairman of the Board, EUR 49,200 to the Deputy Chairman and EUR 35,400 to Members of the Board. In addition, a EUR 600 fee is paid for Board meetings as well as for committee meetings. The meeting fee is doubled for Board members who live outside Finland in Europe and tripled for members living elsewhere outside Finland. Travel expenses of the members of the Board of Directors are compensated for in accordance with the company's travel policy.

Authorised Public Accountant Deloitte & Touche Oy was re-elected as auditor.

The State of Finland's and the Finnish Shareholders' Association's (Osakesäästäjien keskusliitto) proposal to dissolve the Supervisory Board and to amend the Articles of Association accordingly was approved in the Annual General Meeting.

The Annual General Meeting also resolved to appoint a Shareholders' Nomination Board to prepare proposals concerning Board members and their remuneration for the following Annual General Meeting. The Nomination Board will consist of the representatives of the three main shareholders and, in addition, as an expert member the Chairman of the Board of Directors.

Outlook

Key drivers and risks

The key factor influencing Fortum's business performance is the wholesale price of electricity. The 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 (SEK) and Russian rouble (RUB) also affect Fortum's financials. The balance sheet translation effects from 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 2010.

Nordic market

Fortum currently expects Nordic power demand to recover back to the 2008 level by 2012-2014. Electricity will continue to gain a higher share of the total energy consumption. Temperature-corrected power consumption in the Nordic countries is still approximately 4% (16 TWh) lower than in 2008 on an annual level.

In the wake of political unrest in the Middle East and Northern Africa, the oil price increased throughout the first quarter 2011. The earthquake in Japan with the ensuing damages to their nuclear power plants led to a surge in liquefied natural gas to replace damaged nuclear generation, which resulted in a relief of the oversupply of gas in Europe. As a result, spot gas prices in Europe have increased. The increasing gas prices combined with uncertainty regarding nuclear power policy in Germany have led to a 3% increase in the coal price and a 22% increase in CO_2 prices.

In Germany, forward prices increased by 10% at the end of the quarter as a consequence of increasing fuel and CO2 costs as well as the announced German nuclear moratorium. Nordic forward prices increased as well, but to a lesser extent partly due to increased water reservoir levels.

In late April 2011, the electricity forward price in Nord Pool for the rest of 2011 was around EUR 57 per MWh. The electricity forward price for 2012 was around EUR 51 per MWh and for 2013 around EUR 48 per MWh. In Germany, the electricity forward price for the rest of the year was around EUR 60 per MWh and EUR 59 per MWh for 2012. At the same time, the future quotations for coal (ICE Rotterdam) for the rest of 2011 were around USD 127 per tonne and the market price for CO2-emissions allowances (EUA) for 2011 was about EUR 17 per tonne.

In late April 2011, Nordic water reservoirs were about 11 TWh below the long-term average and 2 TWh above the corresponding level of 2010.

Russia

The Russian wholesale power sector reform has proceeded. The wholesale power market was liberalised from the beginning of 2011. All generating companies continue to sell a part of their electricity and capacity equalling the consumption of households under regulated prices.

The new rules for the long-term capacity market starting from 2011 have been approved by the Russian Government. The generation capacity built after 2007 under government capacity supply agreements (CSA – “new capacity”) will receive guaranteed payments for a period of 10 years. Prices for capacity under CSA are defined in order to ensure a sufficient return on investments. Capacity not under CSA will compete in competitive capacity selection (CCS – “old capacity”). In December 2010, the first CCS for the year 2011 was held in accordance with the new rules of the long-term capacity market. The original plan to decide the CCS for the period 2012-2015 during the fourth quarter in 2011 has been changed and now covers only year 2012. The long-term CSS is expected to be arranged in 2012.

Upon completion, OAO Fortum's new capacity will be a key driver for solid earnings growth in Russia as it will bring income from new volumes sold and receive considerably higher capacity payments than the old capacity. In 2011, OAO Fortum's weighted price of old capacity is expected to be on average approximately RUB 160 000/MW/month, marginally lower than earlier expected, due to removal of inflation correction for 2011. The price might, however, differ due to the location of the plants and due to seasonality. The first and fourth quarters have higher capacity income than the second and third quarters lower due to the seasonality of the business. The payments for new capacity are currently estimated to be approximately 3-4 times higher than the average price for the old capacity. The return for the new capacity is guaranteed, but might vary somewhat because it is linked to the Russian Government long-term bonds with 8 to 10 years maturity.

In light of the recovering post-crises demand and development of the Russian capacity market, Fortum has accelerated the schedule of OAO Fortum's committed investment programme and is planning to commission the last new units by the end of 2014. The value of the remaining part of the investment programme, calculated at exchange rates prevailing at the end of March 2011, is estimated to be approximately EUR 1.4 billion as of April 2011. The first new unit started capacity sales early February 2011. Two more new units are estimated to start capacity sales in mid-2011.

The average regulated gas price increased by 15% from the beginning of the year compared with the average price in 2010. The regulated gas price is expected to remain unchanged for the rest of 2011. The regulated electricity price is indexed to the regulated gas price and inflation on an annual basis.

OAO Fortum's efficiency improvement programme is proceeding according to plans. Efficiency improvements are expected to be approximately EUR 100 million in 2011 compared to the level at the time of the acquisition in 2008.

Capital expenditure and divestments

Fortum currently expects capital expenditure in 2011 and 2012 to be around EUR 1.6 -1.8 billion, excluding potential acquisitions. The annual level of Fortum's capital expenditure in 2013-2014 is estimated to total EUR 1.1-1.4 billion. The main reason for high capital expenditures in 2011-2012 is the acceleration in Fortum's Russian investment programme. The annual maintenance capital expenditure is estimated to be approximately EUR 500 - 550 million in 2011, approximately at the level of depreciation.

In March, Fortum divested its district heat operations outside the Stockholm area in Sweden. The sales price was approximately EUR 220 million.

In addition, Fortum finalized the divestment of its 25% shareholding in the Finnish transmission system operator Fingrid Oyj in April. The sales price was EUR 325 million.

Taxation

The Swedish Government increased the hydro property tax rates at the beginning of 2011. The additional cost from the tax rate increase is estimated to be approximately EUR 15 million in 2011.

As of 1 January 2011, taxes on fuels for heat production as well as taxes on electricity were increased considerably in Finland. Tax increases are reflected in end-user prices of heat and electricity, accordingly.

The corporate tax rate in 2011 is currently estimated to be 19-21% excluding the impact of share of profits of associated companies and joint ventures, non-taxable capital gains as well as one-time items.

Hedging

Fortum has modified the way it defines its hedge ratios and price to correspond better to the existing environment and to the way Fortum's hedging is conducted. According to the new definition, the hedge price for Fortum Power Division's Nordic generation excludes hedging of condensing power margin, i.e. hedging of Meri-Pori and Inkoo coal condensing power plants. In addition, the hedge ratio now excludes the financial hedges and physical volume of Fortum's coal condensing generation as well as imports from Russia.

At the end of March 2011, approximately 70% of the Power Division's estimated Nordic power sales volume was hedged at approximately EUR 44 per MWh for the rest of the calendar year 2011. The corresponding figures for the calendar year 2012 were approximately 45% at approximately EUR 45 per MWh. (According to the old definition, the corresponding figures would have been: For the rest of the calendar year 2011, an approximate 65% hedge ratio at approximately EUR 44per MWh and for the calendar year 2012, an approximate 45% hedge ratio at approximately EUR 45 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.

Profitability

The Power Division's 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 Division’s Nordic power sales price results in an approximately EUR 45 million change in Fortum's annual comparable operating profit. In addition the comparable operating profit of the Power Division will be affected by the possible thermal power generation amount and its profit. Fortum believes that additional safety criteria could be introduced for new and old nuclear power plants. In 2011, the division's costs are estimated to remain roughly at the same level as in 2010 excluding the SEK translation and Swedish hydro property tax effects. The impact of the expired Russian power import contract is estimated to be approximately EUR -40 million for the full year 2011. Power Division’s result is expected to be more year-end weighted compared to 2010, mainly driven by improving nuclear availability and current forward prices for power.

The development of Fortum's result has been good. The company has managed its performance well and kept its financial position solid in a demanding environment. The strong balance sheet combined with a flexible, cost-efficient and sustainable generation portfolio creates a firm basis going forward.

Espoo, 28 April 2011
Fortum Corporation
Board of Directors

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

Publication of financial results in 2011:
- Interim Report January-June on 19 July 2011 at approximately 9.00 EEST and
- Interim Report January-September on 20 October 2011 at approximately 9.00 EEST.

Distribution:
NASDAQ OMX Helsinki
Key media
www.fortum.com

More information, including detailed quarterly information, is available on Fortum’s website at www.fortum.com/investors.

Tables to the financial statements bulletin

Condensed consolidated income statement

EUR million	Note	Q1 2011	Q1 2010	2010	Last twelve months
Sales	4	**2 034**	1 947	6 296	6 383
Other income		**13**	37	108	84
Materials and services		**-951**	-917	-2 846	-2 880
Employee benefit costs		**-130**	-130	-507	-507
Depreciation, amortisation and impairment charges	4,12,13	**-149**	-137	-563	-575
Other expenses		**-168**	-149	-655	-674
Comparable operating profit		**649**	651	1 833	1 831
Items affecting comparability		**251**	73	-125	53
Operating profit		**900**	724	1 708	1 884
Share of profit/loss of associates and joint ventures	4, 14	**59**	16	62	105
Interest expense		**-62**	-47	-197	-212
Interest income		**15**	17	72	70
Fair value gains and losses on financial instruments		**-1**	11	12	0
Other financial expenses - net		**-7**	-8	-42	-41
Finance costs - net		**-55**	-27	-155	-183
Profit before income tax		**904**	713	1 615	1 806
Income tax expense	9	**-158**	-130	-261	-289
Profit for the period		**746**	583	1 354	1 517
Attributable to:					
Owners of the parent		**678**	559	1 300	1 419
Non-controlling interests		**68**	24	54	98
		746	583	1 354	1 517
Earnings per share (in € per share)	10				
Basic		**0.76**	0.63	1.46	**1.60**
Diluted		**0.76**	0.63	1.46	**1.60**

EUR million	Q1 2011	Q1 2010	2010	Last twelve months
Comparable operating profit	**649**	651	1 833	1 831
Non-recurring items (capital gains and losses)	**82**	46	93	129
Changes in fair values of derivatives hedging future cash flow	**173**	36	-216	-79
Nuclear fund adjustment	**-4**	-9	-2	3
Items affecting comparability	**251**	73	-125	53
Operating profit	**900**	724	1 708	1 884

Condensed consolidated statement of comprehensive income

EUR million	Q1 2011	Q1 2010	2010	2009
Profit for the period	**746**	583	1 354	1 351
Other comprehensive income				
Cash flow hedges				
Fair value gains/losses in the period	**50**	27	-583	-195
Transfers to income statement	**232**	8	1	-218
Transfers to inventory/fixed assets	**0**	-5	-16	-4
Tax effect	**-74**	-11	151	108
Net investment hedges				
Fair value gains/losses in the period	**-1**	-4	-1	-25
Tax effect	**0**	1	0	6
Available for sale financial assets				
Fair value changes in the period	**0**	-	0	0
Exchange differences on translating foreign operations	**38**	313	344	21
Share of other comprehensive income of associates 1)	**21**	-51	-69	-37
Other changes	**1**	2	-16	1
Other comprehensive income for the period, net of tax	**267**	280	-189	-343
Total comprehensive income for the year	**1 013**	863	1 165	1 008
Total comprehensive income attributable to				
Owners of the parent	**939**	813	1 064	971
Non-controlling interests	**74**	50	101	37
	1 013	863	1 165	1 008
1) Of which fair value change in Hafslund ASA's				
shareholding in REC incl. translation differences	**6**	-52	-77	-37

Condensed consolidated balance sheet

EUR million	Note	March 31 2011	March 31 2010	Dec 31 2010
ASSETS				
Non-current assets				
Intangible assets	12	**435**	413	421
Property, plant and equipment	13	**14 717**	13 522	14 621
Participations in associates and joint ventures	4, 14	**2 129**	2 157	2 161
Share in State Nuclear Waste Management Fund	17	**634**	575	625
Pension assets		**65**	62	62
Other non-current assets		**73**	67	72
Deferred tax assets		**152**	59	141
Derivative financial instruments	6	**124**	213	183
Long-term interest-bearing receivables		**1 168**	1 011	1 149
Total non-current assets		**19 497**	18 079	19 435
Current assets				
Inventories		**318**	356	387
Derivative financial instruments	6	**156**	168	148
Trade and other receivables		**1 189**	1 217	1 284
Bank deposits		**158**	395	271
Cash and cash equivalents		**1 171**	1 103	285
Liquid funds	16	**1 329**	1 498	556
Assets held for sale	7	**128**	-	154
Total current assets		**3 120**	3 239	2 529
Total assets		**22 617**	21 318	21 964
EQUITY				
Equity attributable to owners of the parent				
Share capital	15	**3 046**	3 046	3 046
Share premium		**73**	73	73
Retained earnings		**5 274**	4 719	5 448
Other equity components		**-134**	121	-357
Total		**8 259**	7 959	8 210
Non-controlling interests		**605**	506	532
Total equity		**8 864**	8 465	8 742
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities	16	**6 557**	5 833	6 520
Derivative financial instruments	6	**200**	157	238
Deferred tax liabilities		**1 825**	1 814	1 725
Nuclear provisions	17	**634**	575	625
Other provisions		**246**	230	239
Pension obligations		**28**	23	20
Other non-current liabilities		**464**	464	471
Total non-current liabilities		**9 954**	9 096	9 838
Current liabilities				
Interest-bearing liabilities	16	**1 139**	1 344	862
Derivative financial instruments	6	**570**	425	1 207
Trade and other payables [1)]		**2 090**	1 988	1 265
Liabilities related to assets held for sale	7	**-**	-	50
Total current liabilities		**3 799**	3 757	3 384
Total liabilities		**13 753**	12 853	13 222
Total equity and liabilities		**22 617**	21 318	21 964

[1)] Trade and other payables as of 31 March 2011 include dividends EUR 888 million (31 March 2010: 888) paid in early April 2011.

Condensed consolidated statement of changes in total equity

EUR million	Share capital	Share premium	Retained earnings: Retained earnings and other funds	Retained earnings: Translation of foreign operations	Other equity components: Cash flow hedges	Other equity components: Other OCI items	Other equity components: OCI items associated companies	Owners of the parent	Non-controlling interests	Total equity
Total equity 31 December 2010	**3 046**	**73**	**5 726**	**-278**	**-419**	**0**	**62**	**8 210**	**532**	**8 742**
Net profit for the period			678					678	68	746
Translation differences				35				35	3	38
Other comprehensive income			1		205	-1	21	226	3	229
Total comprehensive income for the period			679	35	205	-1	21	939	74	1 013
Cash dividend			-888					-888		-888
Dividends to non-controlling interests								0		0
Changes due to business combinations						-2		-2	-1	-3
Total equity 31 March 2011	**3 046**	**73**	**5 517**	**-243**	**-214**	**-3**	**83**	**8 259**	**605**	**8 864**
Total equity 31 December 2009	**3 046**	**73**	**5 329**	**-567**	**21**	**1**	**131**	**8 034**	**457**	**8 491**
Net profit for the period			559					559	24	583
Translation differences				284	6		6	296	29	325
Other comprehensive income			2		16	-3	-57	-42	-3	-45
Total comprehensive income for the period			561	284	22	-3	-51	813	50	863
Cash dividend			-888					-888		-888
Dividends to non-controlling interests								0		0
Changes due to business combinations								0	-1	-1
Total equity 31 March 2010	**3 046**	**73**	**5 002**	**-283**	**43**	**-2**	**80**	**7 959**	**506**	**8 465**
Total equity 31 December 2009	**3 046**	**73**	**5 329**	**-567**	**21**	**1**	**131**	**8 034**	**457**	**8 491**
Net profit for the period			1 300					1 300	54	1 354
Translation differences				289	3		14	306	55	361
Other comprehensive income			-15		-443	-1	-83	-542	-8	-550
Total comprehensive income for the period			1 285	289	-440	-1	-69	1 064	101	1 165
Cash dividend			-888					-888		-888
Dividends to non-controlling interests								0	-22	-22
Changes due to business combinations								0	-4	-4
Total equity 31 December 2010	**3 046**	**73**	**5 726**	**-278**	**-419**	**0**	**62**	**8 210**	**532**	**8 742**

Translation differences

Translation differences impacted equity attributable to owners of the parent company with EUR 35 million during Q1 2011 (Q1 2010: 296) including net effect from SEK, NOK and RUB amounting to EUR 39 million in Q1 2011 (Q1 2010: 289).

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.

Cash flow hedges

The impact on equity attributable to owners of the parent from fair valuation of cash flow hedges, EUR 205 million during Q1 2011 (Q1 2010: 16), mainly relates to cash flow hedges hedging electricity price for future transactions. When electricity price is lower/higher than the hedging price, the impact on equity is positive/negative.

Cash dividend

The dividend for 2010 was decided at the Annual General Meeting on 31 March 2011. The dividend was paid on 12 April 2011. The dividend for 2009 was decided at the Annual General Meeting on 25 March 2010.

Condensed consolidated cash flow statement

EUR million	Note	Q1 2011	Q1 2010	2010	Last twelve months
Cash flow from operating activities					
Net profit for the period		**746**	583	1 354	1 517
Adjustments:					
Income tax expenses		**158**	130	261	289
Finance costs-net		**55**	27	155	183
Share of profit of associates and joint ventures		**-59**	-16	-62	-105
Depreciation, amortisation and impairment charges		**149**	137	563	575
Operating profit before depreciations (EBITDA)		**1 049**	861	2 271	2 459
Non-cash flow items and divesting activities		**-270**	-67	124	-79
Interest received		**19**	16	66	69
Interest paid		**-66**	-59	-234	-241
Dividends received		**0**	3	62	59
Realised foreign exchange gains and losses and other financial items		**-255**	-137	-535	-653
Taxes		**-114**	-82	-355	-387
Funds from operations		**363**	535	1 399	1 227
Change in working capital	18	91	-14	38	143
Total net cash from operating activities		**454**	521	1 437	1 370
Cash flow from investing activities					
Capital expenditures	18	**-206**	-223	-1 134	-1 117
Acquisitions of shares	18	**-19**	0	-28	-47
Proceeds from sales of fixed assets		**1**	2	7	6
Divestments of shares	18	**117**	117	147	147
Change in interest-bearing receivables		**92**	-31	-94	29
Total net cash used in investing activities		**-15**	-135	-1 102	-982
Cash flow before financing activities		**439**	386	335	388
Cash flow from financing activities					
Proceeds from long-term liabilities		**85**	63	924	946
Payments of long-term liabilities		**-12**	-10	-912	-914
Change in short-term liabilities		**259**	122	191	328
Dividends paid to the owners of the parent		-	-	-888	-888
Other financing items		**-2**	-5	-25	-22
Total net cash used in financing activities		**330**	170	-710	-550
Total net increase(+) / decrease(-) in liquid funds		**769**	556	-375	-162
Liquid funds at the beginning of the period		**556**	890	890	1 498
Foreign exchange differences in liquid funds		**4**	52	41	-7
Liquid funds at the end of the period		**1 329**	1 498	556	1 329

Non-cash flow items and divesting activities

Non-cash flow items and divesting activities mainly consist of adjustments for unrealised fair value changes of derivatives and capital gains. The actual proceeds for divestments, EUR 118 million for Q1 2011 (Q1 2010: 119), are shown under cash flow from investing activities.

Realised foreign exchange gains and losses and other financial items

Realised foreign exchange gains and losses EUR -254 million for Q1 2011 (Q1 2010: -137) mainly relate to financing of Fortum's Swedish subsidiaries and the fact that the Group's main external financing currency is EUR. The foreign exchange gains and losses arise for rollover of foreign exchange contracts hedging the internal loans as major part of these forwards is entered into with short maturities i.e. less than twelve months.

Change in net debt

EUR million	Q1 2011	Q1 2010	2010	Last twelve months
Net debt beginning of the period	**6 826**	5 969	5 969	5 679
Foreign exchange rate differences	**6**	55	244	195
EBITDA	**1 049**	861	2 271	2 459
Paid net financial costs, taxes and adjustments for non-cash and divestment items	**-686**	-326	-872	-1 232
Change in working capital	**91**	-14	38	143
Capital expenditures	**-206**	-223	-1 134	-1 117
Acquisitions	**-19**	0	-28	-47
Divestments	**118**	119	154	153
Change in interest-bearing receivables	**92**	-31	-94	29
Dividends	**-**	-	-888	-888
Other financing activities	**-2**	-5	-25	-22
Net cash flow (- increase in net debt)	**437**	381	-578	-522
Fair value change of bonds, amortised cost valuation and other	**-28**	36	35	-29
Net debt end of period	**6 367**	5 679	6 826	6 367

Key ratios

	March 31 2011	Dec 31 2010	Sept 30 2010	June 30 2010	March 31 2010	Last twelve months
EBITDA, EUR million	**1 049**	2 271	1 803	1 351	861	**2 459**
Comparable EBITDA, EUR million	**798**	2 396	1 708	1 266	788	**2 406**
Earnings per share (basic), EUR	**0.76**	1.46	1.20	0.93	0.63	**1.60**
Capital employed, EUR million	**16 560**	16 124	16 324	15 862	15 642	**N/A**
Interest-bearing net debt, EUR million	**6 367**	6 826	6 608	6 506	5 679	**N/A**
Capital expenditure and gross investments in shares, EUR million	**205**	1 249	750	513	216	**1 238**
Capital expenditure, EUR million	**167**	1 222	723	493	196	**1 193**
Return on capital employed, % 1)	**19.1**	11.6	12.2	14.3	18.7	**12.6**
Return on shareholders' equity, % 1)	**26.9**	15.7	16.6	19.3	25.7	**17.5**
Net debt / EBITDA 1)	**1.8**	3.0	2.8	2.5	1.7	**2.6**
Comparable net debt / EBITDA 1)	**2.0**	2.8	2.9	2.6	1.8	**2.6**
Interest coverage	**19.0**	13.7	15.9	18.7	24.2	**13.2**
Interest coverage including capitalised borrowing costs	**15.1**	10.0	11.4	13.7	18.7	**9.9**
Funds from operations/interest-bearing net debt, % 1)	**34.8**	20.5	22.3	28.8	44.9	**19.3**
Gearing, %	**72**	78	76	75	67	**N/A**
Equity per share, EUR	**9.30**	9.24	9.27	9.19	8.96	**N/A**
Equity-to-assets ratio, %	**39**	40	41	42	40	**N/A**
Number of employees	**10 976**	10 585	10 865	11 406	11 290	**N/A**
Average number of employees	**10 913**	11 156	11 302	11 393	11 435	**N/A**
Average number of shares, 1 000 shares	**888 367**	888 367	888 367	888 367	888 367	**888 367**
Diluted adjusted average number of shares, 1 000 shares	**888 367**	888 367	888 367	888 367	888 367	**888 367**
Number of registered shares, 1 000 shares	**888 367**	888 367	888 367	888 367	888 367	**N/A**

1) Quarterly figures are annualised except items affecting comparability.
For definitions, see Note 26.

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 annual financial statements for the year ended 31 December 2010. The interim financial statements 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 2010.

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. Actual 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 2010.

4. Segment information

Sales **EUR million**	**Q1 2011**	Q1 2010	**2010**	Last twelve months
Power sales excluding indirect taxes	**1 034**	1 067	3 615	3 582
Heating sales	**671**	593	1 596	1 674
Network transmissions	**299**	270	912	941
Other sales	**30**	17	173	186
Total	**2 034**	1 947	6 296	6 383

Sales by segment **EUR million**	**Q1 2011**	Q1 2010	**2010**	Last twelve months
Power [1]	**693**	769	2 702	2 626
- of which internal	***-103***	*-124*	*-281*	*-260*
Heat [1]	**725**	651	1 770	1 844
- of which internal	***-1***	*-6*	*-8*	*-3*
Russia	**295**	244	804	855
- of which internal	***-***	*-*	*-*	*-*
Distribution	**311**	280	963	994
- of which internal	***4***	*4*	*18*	*18*
Electricity Sales [1]	**373**	637	1 798	1 534
- of which internal	***49***	*61*	*158*	*146*
Other [1]	**30**	5	51	76
- of which internal	***78***	*21*	*169*	*226*
Netting of Nord Pool transactions [2]	**-366**	-683	-1 736	-1 419
Eliminations	***-27***	*44*	*-56*	*-127*
Total	**2 034**	1 947	6 296	6 383

1) Sales, both internal and external, includes effects from realised hedging contracts. Effect on sales can be negative or positive depending on the average contract price and realised spot price.
2) Sales and purchases with Nord Pool Spot 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.

Comparable operating profit by segment

EUR million	Q1 2011	Q1 2010	2010	Last twelve months
Power	**325**	424	1 298	1 199
Heat	**171**	132	275	314
Russia	**34**	16	8	26
Distribution	**124**	102	307	329
Electricity Sales	**11**	-13	11	35
Other	**-16**	-10	-66	-72
Total	**649**	651	1 833	1 831

Operating profit by segment

EUR million	Q1 2011	Q1 2010	2010	Last twelve months
Power	**489**	467	1 132	1 154
Heat	**265**	159	303	409
Russia	**34**	32	53	55
Distribution	**125**	113	321	333
Electricity Sales	**-20**	-29	46	55
Other	**7**	-18	-147	-122
Total	**900**	724	1 708	1 884

Non-recurring items by segment

EUR million	Q1 2011	Q1 2010	2010	Last twelve months
Power	**0**	0	6	6
Heat [1)]	**80**	19	29	90
Russia	**0**	16	45	29
Distribution	**1**	11	12	2
Electricity Sales	**1**	-	-	1
Other	**-**	-	1	1
Total	**82**	46	93	129

1) Non-recurring items in Heat -segment for Q1/2011 include the gain of EUR 80 million recognised on the divestment of Fortum's district heat operations and heat production facilities outside the Stockholm area in Sweden. Minority's share of the gain, EUR 30 million, is recognised in the non-controlling interests in the income statement.

Non-recurring items include mainly capital gains.

Other items affecting comparability by segment

EUR million	Q1 2011	Q1 2010	2010	Last twelve months
Power [1)]	**164**	43	-172	-51
Heat	**14**	8	-1	5
Russia	**-**	-	-	-
Distribution	**0**	0	2	2
Electricity Sales	**-32**	-16	35	19
Other	**23**	-8	-82	-51
Total	**169**	27	-218	-76

1) Including effects from the accounting of Fortum's part of the Finnish State Nuclear Waste Management Fund with (EUR million):	**-4**	-9	-2	3

Other items affecting comparability mainly include effects from financial derivatives hedging future cash-flows where hedge accounting is not applied according to IAS 39. In Power 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

EUR million	Q1 2011	Q1 2010	2010	Last twelve months
Power	**27**	24	100	103
Heat	**49**	45	187	191
Russia	**23**	20	86	89
Distribution	**47**	43	178	182
Electricity Sales	**1**	1	2	2
Other	**2**	4	10	8
Total	**149**	137	563	575

Share of profit/loss in associates and joint ventures by segment

EUR million	Q1 2011	Q1 2010	2010	Last twelve months
Power 1), 2)	**-4**	-8	-25	-21
Heat	**4**	18	31	17
Russia	**8**	0	8	16
Distribution	**8**	5	19	22
Electricity Sales	**1**	-1	1	3
Other	**42**	2	28	68
Total	**59**	16	62	105
1) Including effects from the accounting of Fortum's associates part of Finnish and Swedish Nuclear Waste Management Funds with (EUR million):	**-1**	-2	0	1

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

Participation in associates and joint ventures by segment

EUR million	March 31 2011	March 31 2010	Dec 31 2010
Power	**928**	894	912
Heat	**163**	176	159
Russia	**437**	429	423
Distribution	**104**	203	217
Electricity Sales	**9**	11	13
Other	**488**	444	437
Total	**2 129**	2 157	2 161

Capital expenditure by segment

EUR million	Q1 2011	Q1 2010	2010	Last twelve months
Power	**17**	13	97	101
Heat	**36**	62	304	278
Russia	**75**	91	599	583
Distribution	**34**	29	213	218
Electricity Sales	**3**	0	0	3
Other	**2**	1	9	10
Total	**167**	196	1 222	1 193
Of which capitalised borrowing costs	**12**	9	45	48

Gross investments in shares by segment

EUR million	Q1 2011	Q1 2010	2010	Last twelve months
Power	**16**	20	25	21
Heat	**22**	-	1	23
Russia	**0**	-	-	0
Distribution	**-**	-	0	0
Electricity Sales	**-**	-	-	-
Other	**0**	-	1	1
Total	**38**	20	27	45

Gross investments in shares in Q1 2011 in Power segment include additional share capital to be paid to Teollisuuden Voima Oyj.
See Note 14.

Net assets by segment

EUR million	March 31 2011	March 31 2010	Dec 31 2010
Power	**5 996**	5 591	5 806
Heat	**4 030**	3 955	4 182
Russia	**2 918**	2 489	2 817
Distribution	**3 711**	3 419	3 683
Electricity Sales	**130**	163	210
Other	**345**	301	29
Total	**17 130**	15 918	16 727

Comparable return on net assets by segment %	Last twelve months	Dec 31 2010
Power	20.2	22.3
Heat	8.3	7.7
Russia	1.6	0.7
Distribution	9.8	9.3
Electricity Sales	29.1	9.3
Other	-0.6	-7.7

Return on net assets by segment %	Last twelve months	Dec 31 2010
Power	19.6	19.5
Heat	10.6	8.4
Russia	2.6	2.4
Distribution	9.9	9.7
Electricity Sales	47.0	38.4
Other	-22.1	-48.2

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 EUR million	March 31 2011	March 31 2010	Dec 31 2010
Power	**6 864**	6 301	6 934
Heat	**4 514**	4 391	4 733
Russia	**3 312**	2 790	3 173
Distribution	**4 243**	3 917	4 207
Electricity Sales	**492**	542	663
Other	**691**	848	723
Eliminations	**-349**	-312	-576
Assets included in Net assets	**19 767**	18 477	19 857
Interest-bearing receivables	**1 210**	1 044	1 208
Deferred taxes	**152**	59	141
Other assets	**159**	240	202
Liquid funds	**1 329**	1 498	556
Total assets	**22 617**	21 318	21 964

Liabilities by segments EUR million	March 31 2011	March 31 2010	Dec 31 2010
Power	**868**	710	1 128
Heat	**484**	436	551
Russia	**394**	301	356
Distribution	**532**	498	524
Electricity Sales	**362**	379	453
Other	**346**	547	694
Eliminations	**-349**	-312	-576
Liabilities included in Net assets	**2 637**	2 559	3 130
Deferred tax liabilities	**1 825**	1 814	1 725
Other liabilities[1)]	**1 595**	1 303	985
Total liabilities included in Capital employed	**6 057**	5 676	5 840
Interest-bearing liabilities	**7 696**	7 177	7 382
Total equity	**8 864**	8 465	8 742
Total equity and liabilities	**22 617**	21 318	21 964

[1)] Other liabilities as of 31 March 2011 include dividends EUR 888 million (31 March 2010: 888) paid in early April 2011.

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 2011	March 31 2010	Dec 31 2010
Power	**1 812**	1 866	1 819
Heat	**2 770**	2 479	2 394
Russia	**4 418**	4 688	4 294
Distribution	**888**	1 132	962
Electricity Sales	**500**	539	525
Other	**588**	586	591
Total	**10 976**	11 290	10 585

Average number of employees	Q1 2011	Q1 2010	2010
Power	**1 812**	1 886	1 891
Heat	**2 725**	2 515	2 482
Russia	**4 382**	4 764	4 555
Distribution	**898**	1 127	1 098
Electricity Sales	**510**	554	538
Other	**586**	589	592
Total	**10 913**	11 435	11 156

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/Interim reports).

Quarterly sales by segment

EUR million	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Power	**693**	752	584	597	769
- of which internal	***-103***	*-137*	*-10*	*-10*	*-124*
Heat	**725**	598	220	301	651
- of which internal	***-1***	*-5*	*1*	*2*	*-6*
Russia	**295**	254	137	169	244
- of which internal	**-**	-	-	-	-
Distribution	**311**	287	196	200	280
- of which internal	***4***	*8*	*3*	*3*	*4*
Electricity Sales	**373**	529	305	327	637
- of which internal	***49***	*58*	*20*	*19*	*61*
Other	**30**	7	23	16	5
- of which internal	***78***	*73*	*35*	*40*	*21*
Netting of Nord Pool transactions	**-366**	-528	-264	-261	-683
Eliminations	***-27***	*3*	*-49*	*-54*	*44*
Total	**2 034**	1 902	1 152	1 295	1 947

Quarterly comparable operating profit by segments

EUR million	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Power	**325**	336	267	271	424
Heat	**171**	122	-12	33	132
Russia	**34**	17	-16	-9	16
Distribution	**124**	91	61	53	102
Electricity Sales	**11**	3	11	10	-13
Other	**-16**	-28	-9	-19	-10
Total	**649**	541	302	339	651

Quarterly operating profit by segments

EUR million	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Power	**489**	129	256	280	467
Heat	**265**	124	-15	35	159
Russia	**34**	16	14	-9	32
Distribution	**125**	93	62	53	113
Electricity Sales	**-20**	40	12	23	-29
Other	**7**	-81	-17	-31	-18
Total	**900**	321	312	351	724

Quarterly non-recurring items by segment

EUR million	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Power	**0**	0	5	1	0
Heat	**80**	7	0	3	19
Russia	**0**	-1	30	0	16
Distribution	**1**	0	1	0	11
Electricity Sales	**1**	-	-	-	-
Other	**0**	1	0	0	0
Total	**82**	7	36	4	46

Quarterly other items affecting comparability

EUR million	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Power [1)]	**164**	-207	-16	8	43
Heat	**14**	-5	-3	-1	8
Russia	**-**	-	-	-	-
Distribution	**0**	2	0	0	0
Electricity Sales	**-32**	37	1	13	-16
Other	**23**	-54	-8	-12	-8
Total	**169**	-227	-26	8	27
1) Including effects from the accounting of Fortum's part of the Finnish State Nuclear Waste Management Fund with (EUR million)	**-4**	-6	-10	23	-9

6. Financial risk management

The Group has not made any significant changes 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 2010.

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

	March 31 2011		March 31 2010		Dec 31 2010	
Interest and currency derivatives	**Notional value**	**Net fair value**	Notional value	Net fair value	Notional value	Net fair value
	MEUR	**MEUR**	MEUR	MEUR	MEUR	MEUR
Interest rate swaps	**4 068**	**43**	3 657	37	4 098	96
Forward foreign exchange contracts	**8 581**	**-117**	6 903	-284	7 786	-333
Forward rate agreements	**168**	**0**	-	-	167	0
Interest rate and currency swaps	**543**	**-20**	1 366	2	538	-25
Electricity derivatives	**Volume**	**Net fair value**	Volume	Net fair value	Volume	Net fair value
	TWh	**MEUR**	TWh	MEUR	TWh	MEUR
Sales swaps	**115**	**-876**	143	257	124	-2 069
Purchase swaps	**64**	**483**	130	-214	71	1 224
Purchased options	**0**	**1**	1	-2	0	0
Written options	**2**	**-2**	2	2	2	-10
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	**31 146**	**-257**	15 269	-39	11 473	-93
Purchase swaps and futures	**31 003**	**259**	15 415	45	11 541	76
Coal derivatives	**Volume**	**Net fair value**	Volume	Net fair value	Volume	Net fair value
	kt	**MEUR**	kt	MEUR	kt	MEUR
Sold	**10 680**	**-122**	2 270	8	6 865	-117
Bought	**10 041**	**124**	3 392	-17	7 985	137
CO_2 emission allowance derivatives	**Volume**	**Net fair value**	Volume	Net fair value	Volume	Net fair value
	ktCO2	**MEUR**	ktCO2	MEUR	ktCO2	MEUR
Sold	**16 436**	**-28**	3 267	2	5 225	7
Bought	**14 831**	**27**	5 623	-3	8 882	-7
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)]	**9**	**14**	19	16	19	20

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

7. Acquisitions, disposals and assets held for sale

Acquisitions
In November 2010 Fortum and the Polish Ministry of Treasury signed an agreement according to which Fortum acquired 85% of shares in the Polish power and heat companies Elektrociepłownia Zabrze S.A. and Zespół Elektrociepłowni Bytom S.A. for approximately EUR 22 million (PLN 82 million). The combined sales of 2010 for the acquired companies totalled approximately EUR 45 million (PLN 180 million). Both companies operated close to breakeven. The companies were sold as part of the privatization of the power and heat sector in Poland. The Polish competition authorities' approval of the transaction was received on 3 January 2011.

There were no material acquisitions during Q1 in 2010.

Disposals
In December 2010 Fortum signed an agreement to divest district heat operations and production facilities outside Stockholm in Sweden. The divestment was completed on 31 March 2011. The total sales price was approximately EUR 220 million and the recognised gain approximately EUR 80 million. The operations were part of the Heat segment and the gain is recognised in Heat segment. Major part of the divested operations were owned by Fortum's subsidiary Fortum Värme in which the city of Stockholm has a 50% economic interest. The Stockholm City Board and the Swedish Competition Authority have given their approval to the transaction. The assets and liabilities related to the divested operations were presented as assets and liabilities held for sale in December 2010.

There were no material divestments during Q1 in 2010.

Assets held for sale
In January 2011 Fortum, the Finnish State and Ilmarinen Mutual Pension Insurance Company came to a preliminary agreement according to which Fortum will sell its 25%-shareholding in the Finnish transmission system operator Fingrid Oyj. The State will buy approximately 81% and Ilmarinen approximately 19% of Fortum's Fingrid shares. The transaction is subject to a final agreement between the parties and to necessary approvals by their decision-making bodies. Furthermore, the completion of the transaction requires the approval of the Finnish Competition Authority. The sales price for the total amount of shares is EUR 325 million and consequently, Fortum expects book a gain of roughly EUR 200 million once the transaction has been completed. The shares are part of the Distribution segment. Fortum estimates that the divestment will be finalised during the first half of 2011. The assets related to the divested operations are presented as assets held for sale in March 2011.

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 2011**	Jan-Dec 2010	Jan-Sept 2010	Jan-June 2010	Jan-March 2010
Sweden (SEK)	**8.8775**	9.5510	9.6665	9.8144	9.9826
Norway (NOK)	**7.8173**	8.0262	8.0258	8.0464	8.1423
Poland (PLN)	**3.9692**	4.0126	4.0137	4.0186	3.9970
Russia (RUB)	**40.4504**	40.4473	40.1288	40.1535	41.4799

Balance sheet date rate	**March 31 2011**	Dec 31 2010	Sept 30 2010	June 31 2010	March 31 2010
Sweden (SEK)	**8.9329**	8.9655	9.1421	9.5259	9.7135
Norway (NOK)	**7.8330**	7.8000	7.9680	7.9725	8.0135
Poland (PLN)	**4.0106**	3.9750	3.9847	4.1470	3.8673
Russia (RUB)	**40.2850**	40.8200	41.6923	38.2820	39.6950

9. Income tax expense

Tax rate according to the income statement Q1 2011 was 17.5% (Q1 2010: 18.2%). The tax rate for the period is lower than in the comparable period mainly due to the tax exempt capital gains.

The tax rate for the period Q1 2011, excluding the impact of share of profits of associated companies and joint ventures, non-taxable capital gains and other one-time items was 20.8% (Q1 2010: 19.5%). The tax rate for the full year 2010, excluding the impact of share of profits of associated companies and joint ventures, non-taxable capital gains and other one-time items was 17.7%. 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.

10. Earnings per share

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

	Q1 2011	Q1 2010	2010
Earnings (EUR million):			
Profit attributable to the owners of the parent	**678**	559	1 300
Number of shares (thousands):			
Weighted average number of shares for the purpose of basic earnings per share	**888 367**	888 367	888 367
Weighted average number of shares for the purpose of diluted earnings per share	**888 367**	888 367	888 367

11. Dividend per share

A dividend in respect of 2010 of EUR 1.00 per share, amounting to a total dividend of EUR 888 million based on the number of shares registered as of 5 April 2011, was decided at the Annual General Meeting on 31 March 2011. In Q1 2011 the total dividend was included in trade and other payables. The dividend was paid on 12 April 2011

A dividend in respect of 2009 of EUR 1.00 per share, amounting to a total dividend of EUR 888 million based on the number of shares registered as of 30 March 2010, was decided at the Annual General Meeting on 25 March 2010. The dividend was paid on 8 April 2010.

12. Changes in intangible assets

EUR million	**March 31 2011**	March 31 2010	Dec 31 2010
Opening balance	**421**	391	391
Capital expenditures	**10**	3	19
Changes of emission rights	**6**	1	13
Depreciation, amortisation and impairment	**-5**	-8	-22
Translation differences and other adjustments	**3**	26	20
Closing balance	**435**	413	421
Goodwill included in closing balance	**305**	310	301
Change in goodwill during the period due to translation differences	**4**	25	16

13. Changes in property, plant and equipment

EUR million	**March 31 2011**	March 31 2010	Dec 31 2010
Opening balance	**14 621**	12 855	12 855
Increase through acquisition of subsidiary companies	**29**	-	-
Capital expenditures	**157**	193	1 203
Changes of nuclear asset retirement cost	**3**	-	18
Disposals	**-1**	-1	-4
Depreciation, amortisation and impairment	**-144**	-129	-541
Sale of subsidiary companies	**-**	-	-22
Moved to Assets held for sale	**-**	-	-131
Translation differences and other adjustments	**52**	604	1 243
Closing balance	**14 717**	13 522	14 621

14. Changes in participations in associates and joint ventures

EUR million	March 31 2011	March 31 2010	Dec 31 2010
Opening balance	**2 161**	2 188	2 188
Share of profits of associates and joint ventures	**59**	16	62
Investments	**-**	-	6
Share issues and shareholders' contributions	**16**	20	20
Reclassifications	**-**	-1	-
Divestments	**-4**	-84	-89
Dividend income received	**0**	-4	-61
OCI items associated companies	**21**	-51	-69
Moved to Assets held for sale	**-128**	-	-
Translation differences	**4**	73	104
Closing balance	**2 129**	2 157	2 161

Share of profits from associates and joint ventures

Share of profits from associates in Q1 2011 was EUR 59 million (Q1 2010: 16) of which Fortum's share of profits in Hafslund ASA was EUR 42 million (Q1 2010: 2). In December Hafslund sold its fully-owned subsidiary Hafslund Fibernett AS. 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. In accordance with the accounting policy Fortum recognised EUR 38 million in relation to Hafslund's divestment of Hafslund Fibernett AS shares as a part of the share of profit from associates and joint ventures in Q1 2011. Hafslund will publish their interim report for Q1 2011 on 5 May 2011.

Fortum's share of profits for the full year 2010 amounted to EUR 62 million, of which Hafslund represented EUR 28 million, TGC-1 EUR 7 million, and Gasum EUR 27 million.

Investments and share issues

Teollisuuden Voima Oyj's (TVO) Annual General meeting in March 2011 decided to raise the company's share capital by EUR 65.2 million of which Fortum's share is EUR 16.3 million. The increase in Fortum's participation in TVO has been booked in Q1 2011 and it will be paid in 2011 at a date to be decided by TVO's Board of Directors.

TVO's Annual General meeting in March 2010 decided to raise the company's share capital by EUR 79.3 million of which Fortum's share is EUR 19.8 million. The increase in Fortum's participation in TVO was booked in Q1 2010 and was paid during Q4 2010.

Divestments

In the first quarter of 2011 Electricity Sales segment divested its 30.78% share in Energiapolar Oy.

In early February 2010 Distribution segment divested Fortum's 49% shareholding in Karlskoga Energi & Miljö AB. In the first quarter of 2010 Heat segment divested Fortum's 20.4% shareholding in Swedegas AB and Russia segment divested OAO Fortum's 49% shareholding in Kurgan Generating Company. In the third quarter Russia segment divested Fortum's approximately 31% shareholding in St Petersburg Sale Company.

OCI items in associated companies

OCI items in associated companies mainly represent the fair value change in Hafslund's shareholding in REC. In Q1 2011 the fair value change of the remaining REC shares was 6 million (Q1 2010: -52). The cumulative fair value change in Fortum's equity, based on the remaining number of shares reported by Hafslund, was EUR 19 million at 31 March 2011.

15. Share capital

EUR million	Number of shares March 31 2011	Share capital March 31 2011	Number of shares Dec 31 2010	Share capital Dec 31 2010
Registered shares at 1 January	**888 367 045**	**3 046**	888 367 045	3 046
Registered shares at the end of the period	**888 367 045**	**3 046**	888 367 045	3 046

16. Interest-bearing liabilities and liquid funds

During the first quarter Fortum increased the amount of re-borrowing from the Finnish nuclear waste fund by EUR 53 million to EUR 887 million. Fortum also signed two long term transactions; a 10 year loan of SEK 1,786 million from European Investment Bank and a 7 year loan of SEK 625 million from Nordic Investment Bank. These loans were drawn down during April. The proceeds from these new financing arrangements will be used for financing of Fortum's investment program. The amount of short term financing has increased (mainly due to issuance of Commercial Papers), and at the end of the quarter the amount of short term financing was EUR 793 million (at year-end 2010: 534 million).

The interest-bearing debt increased during the quarter by EUR 314 million from EUR 7,382 million to EUR 7,696 million. Total Liquid funds increased by EUR 773 million from EUR 556 million to EUR 1,329 million.

17. Nuclear related assets and liabilities

EUR million	**March 31 2011**	March 31 2010	Dec 31 2010
Carrying values in the balance sheet			
Nuclear provisions	**634**	575	625
Share in the State Nuclear Waste Management Fund	**634**	575	625
Legal liability and actual share of the State Nuclear Waste Management Fund			
Liability for nuclear waste management according to the Nuclear Energy Act	**944**	913	944
Funding obligation target	**886**	830	886
Fortum's share of the State Nuclear Waste Management Fund	**886**	830	843

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 December 2010. The liability is based on a technical plan, which is made every third year. The technical plan and the cost estimates were last updated in Q2 2010.

The legal liability on 31 March 2011 is EUR 944 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 IAS 37, has increased by EUR 9 million compared to 31 December 2010, totalling EUR 634 million on 31 March 2011. 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 December in connection with the decision of size of the legal liability. The current funding obligation target based on the legal liability decided in December 2010 and approved periodising of the payments to the Fund is EUR 886 million. The Fund is from an IFRS perspective overfunded with EUR 252 million, since Fortum's share of the Fund on 31 March 2011 is EUR 886 million and the carrying value in the balance sheet is EUR 634 million.

Effects to comparable operating profit and operating profit

Operating profit in Power 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 affecting comparability in Note 4. Fortum had an effect from this adjustment in Q1 2011 of EUR -4 million, compared to EUR -9 million in Q1 2010.

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.

18. Additional cash flow information

Change in working capital

EUR million	Q1 2011	Q1 2010	2010	Last twelve months
Increase/decrease in interest-free receivables	**82**	-143	-161	64
Decrease in inventories	**75**	100	74	49
Increase/decrease in interest-free liabilities	**-66**	29	125	30
Total	**91**	-14	38	143

Capital expenditure

EUR million	Q1 2011	Q1 2010	2010	Last twelve months
Capital expenditure	**167**	196	1 222	1 193
Change in not yet paid investments	**51**	36	-43	-28
Capitalised borrowing costs	**-12**	-9	-45	-48
Capital expenditure in cash flow	**206**	223	1 134	1 117

Acquisition of shares in cash flow

EUR million	Q1 2011	Q1 2010	2010	Last twelve months
Acquisition of subsidiaries, net of cash acquired	**19**	0	1	20
Acquisition of associates 1)	**0**	-	26	26
Acquisition of available for sale financial assets 2)	**0**	0	1	1
Total	**19**	0	28	47

1) Acquisition of associates includes share issues and other capital contributions.
2) Available for sale financial assets are presented under Other non-current assets in the Balance sheet.

Acquisition of shares in subsidiaries

EUR million	Q1 2011	Q1 2010	2010	Last twelve months
Gross investments of shares 3)	**22**	0	0	22
Changes in non-paid acquisitions	**-2**	-	1	-1
Interest bearing debt in acquired subsidiaries	**-1**	-	-	-1
Acquisitions of subsidiaries, net of cash acquired	**19**	0	1	20

3) Gross investments of shares include liquid funds in acquired subsidiaries in Q1 2011 EUR 0 (Q1 2010: 0).

Acquisition of shares in associates

EUR million	Q1 2011	Q1 2010	2010	Last twelve months
Gross investments of shares	**16**	20	26	22
Changes in non-paid acquisitions	**-16**	-20	0	4
Acquisition of associates	**-**	-	26	26

Divestment of shares in cash flow

EUR million	Q1 2011	Q1 2010	2010	Last twelve months
Proceeds from sales of subsidiaries, net of cash disposed	**110**	-	9	119
Proceeds from sales of associates	**7**	106	121	22
Proceeds from sales of other non-current assets	**-**	11	17	6
Total	**117**	117	147	147

Divestment of subsidiary shares in cash flow

EUR million	Q1 2011	Q1 2010	2010	Last twelve months
Gross divestments of shares 4)	**200**	-	9	209
Payments not received for proceeds	**0**	-	-	0
Interest bearing debt in sold subsidiaries	**-90**	-	-	-90
Proceeds settled in cash	**110**	-	9	119

4) Liquid funds in sold subsidiaries EUR 14 million (Q1 2010: 0) are netted from gross divestments.

19. Pledged assets

EUR million	**March 31 2011**	March 31 2010	Dec 31 2010
On own behalf			
For debt			
Pledges	**289**	309	307
Real estate mortgages	**137**	137	137
For other commitments			
Real estate mortgages	**155**	220	155
On behalf of associated companies and joint ventures			
Pledges and real estate mortgages	**3**	2	3

Pledged assets for debt
Finnish participants in the State Nuclear Waste Management Fund are allowed to borrow from the Fund. As of 31 March 2011 the value of the pledged shares amounts to EUR 269 million (2010: 269 million). The decrease in the other pledged assets for debt is due to the return of the bank deposits, EUR 18 million, pledged as trading collateral for trading of electricity and emission allowances in NASDAQ OMX Commodities Europe, Intercontinental Exchange (ICE) and European Energy Exchange (EEX).

Pledged assets for other commitments
Fortum has given real estate mortgages in power plants in Finland, total value of EUR 155 million in March 2011 (2010: 155 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 for decomissioning and disposal of spent fuel in Loviisa nuclear power plant. 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.

20. Operating lease commitments

EUR million	**March 31 2011**	March 31 2010	Dec 31 2010
Due within a year	**27**	22	29
Due after one year and within five years	**59**	41	49
Due after five years	**126**	94	130
Total	**212**	157	208

21. Capital commitments

EUR million	**March 31 2011**	March 31 2010	Dec 31 2010
Property, plant and equipment	**1 137**	1 320	1 172
Intangible assets	**8**	8	7
Total	**1 145**	1 328	1 179

Capital commitments have decreased compared to year end 2010. Commitments have decreased due to progressing of OAO Fortum's investment program as well as finalisation of Czestochowa power plant investment. On the other hand commitments relating to CHP investment in Klaipeda, Lithuania and CHP investment Brista 2, Sweden have increased commitments.

22. Contingent liabilities

EUR million	**March 31 2011**	March 31 2010	Dec 31 2010
On own behalf			
Other contingent liabilities	**208**	320	228
On behalf of associated companies and joint ventures			
Guarantees	**359**	620	358
Other contingent liabilities	**125**	125	125
On behalf of others			
Guarantees	**0**	8	1
Other contingent liabilities	**0**	1	0

Guarantees on own behalf
Other contingent liabilities on own behalf, EUR 208 million in March 2011, have decreased by EUR 20 million compared to 31 December 2010. The decrease mainly is due to the progressing of the investments in Russia.

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 amount to EUR 58 million at 31 March 2011 (2010: 58).

23. Legal actions and official proceedings

Two Fortum group companies in the United Kingdom, Grangemouth CHP Limited and Fortum O&M (UK) Limited, have been defendants in a court case regarding greenhouse gas emission allowances in the High Court of Justice in London. The trial took place in November and December 2010. The final court decision was issued on 11 February 2011 in favor of Grangemouth CHP Limited and Fortum O&M (UK) Limited. As a result, Fortum O&M (UK) Limited will retain ownership of all greenhouse gas emission allowances allocated in respect of the Grangemouth CHP plant.

No other material changes in legal actions and official proceedings have occurred during 2011 compared to the year-end 2010.

24. Related party transactions

Related parties are described in the annual financial statements as of the year ended 31 December 2010. No material changes have occurred during year 2011.

The Finnish State owned 50.76% of the shares in Fortum 31 December 2010. There has been no change in the amount of shares during 2011.

Associated company transactions

EUR million	Q1 2011	Q1 2010	2010
Sales to associated companies	**6**	17	63
Interest on associated company loan receivables	**10**	9	39
Purchases from associated companies	**229**	207	764

Associated company balances

EUR million	March 31 2011	March 31 2010	Dec 31 2010
Long-term interest-bearing loan receivables	**1 095**	922	1 071
Trade receivables	**5**	17	22
Other receivables	**10**	5	20
Long-term loan payables	**223**	213	213
Trade payables	**36**	17	36
Other payables	**20**	24	15

Transactions and balances with joint ventures
Transactions and balances with joint ventures as at and for the period ended 31 March 2011 are not material for the group.

25. Events after the balance sheet date

In April 2011, Fortum finalised the agreement to sell its 25%-shareholding in the Finnish transmission system operator Fingrid Oyj to the Finnish State, The Finnish National Emergency Supply Agency and Ilmarinen Mutual Pension Insurance Company. The State bought approximately 81% and Ilmarinen approximately 19% of Fortum's Fingrid shares.

The sales price is EUR 325 million. Consequently, Fortum expects to book a gain of roughly EUR 200 million in its second quarter 2011 financial results including Fortum's share of Fingrid's first quarter 2011 profit, corresponding to approximately EUR 0.22 per share.

Fortum sold its holding in Fingrid as a result of the EU's third energy market package that calls for the separation of high voltage transmission and power generation. The package entered into force in September 2009.

26. Definition of key figures

EBITDA (Earnings before interest, taxes, depreciation and amortisation)	=	Operating profit + Depreciation, amortisation and impairment charges
Comparable EBITDA	=	EBITDA - items affecting comparability
Items affecting comparability	=	Non-recurring items + other items affecting comparability
Comparable operating profit	=	Operating profit - non-recurring items - other items affecting comparability
Non-recurring items	=	Capital gains and losses
Other items affecting 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 the construction period. Maintenance investments expand the lifetime of an existing asset, maintain useage/availability and/or maintains reliability. Productivity investment 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, %	=	$\frac{\text{Profit for the year}}{\text{Total equity average}} \times 100$
Return on capital employed, %	=	$\frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Capital employed average}} \times 100$
Return on net assets, %	=	$\frac{\text{Operating profit + Share of profit (loss) in associated companies and joint ventures}}{\text{Net assets average}} \times 100$
Comparable return on net assets, %	=	$\frac{\text{Comparable operating profit + Share of profit (loss) in associated companies and joint ventures (adjusted for IAS 39 effects, nuclear fund adjustments and major sales gains or losses)}}{\text{Comparable net assets average}} \times 100$
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, %	=	$\frac{\text{Interest-bearing net debt}}{\text{Total equity}} \times 100$

Equity-to-assets ratio, %	=	$\frac{\text{Total equity including non-controlling interest}}{\text{Total assets}} \times 100$
Net debt / EBITDA	=	$\frac{\text{Interest-bearing net debt}}{\text{Operating profit + Depreciation, amortisation and impairment charges}}$
Comparable net debt / EBITDA	=	$\frac{\text{Interest-bearing net debt}}{\text{Comparable EBITDA}}$
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)	=	$\frac{\text{Profit for the period - non-controlling interest}}{\text{Average number of shares during the period}}$
Equity per share	=	$\frac{\text{Shareholder's equity}}{\text{Number of shares excluding treasury shares at the end of the period}}$
Last twelve months (LTM)	=	Twelve months preceding the reporting date

Market conditions and achieved power prices

Power consumption TWh	Q1 2011	Q1 2010	2010	Last twelve months
Nordic countries	**114**	118	393	389
Russia	**285**	281	1 005	1 006
Tyumen	**22**	22	82	82
Chelyabinsk	**10**	10	35	35
Russia Urals area	**68**	67	245	247

Average prices	Q1 2011	Q1 2010	2010	Last twelve months
Spot price for power in Nord Pool power exchange, EUR/MWh	**66**	59	53	55
Spot price for power in Finland, EUR/MWh	**65**	71	57	55
Spot price for power in Sweden, EUR/MWh	**66**	72	57	55
Spot price for power in European and Urals part of Russia, RUB/MWh 1)	**1 033**	862	882	925
Spot price for power (market price), Urals hub, RUB/MWh 1)	**950**	817	835	868
Average regulated electricity price for OAO Fortum, RUB/MWh 1)	**718**	620	614	627
Average capacity price, tRUB/MW/month	**214**	181	191	199
Average regulated capacity price, tRUB/MW/month	**183**	168	169	171
Spot price for power in Germany, EUR/MWh	**52**	41	44	47
Average regulated gas price in Urals region, RUB/1000 m^3	**2 548**	2 221	2 221	2 303
CO_2, (ETS EUA), EUR/tonne CO_2	**15**	13	14	15
Coal (ICE Rotterdam), USD/tonne	**123**	79	92	103
Oil (Brent Crude), USD/bbl	**106**	77	80	87

1) Excluding capacity tariff

Water reservoirs TWh	March 31 2011	March 31 2010	Dec 31 2010
Nordic water reservoirs level	**20**	28	54
Nordic water reservoirs level, long-term average	**41**	41	83

Export/import between Nordic Area and Continental Europe TWh (+ = import to, - = export from Nordic area)	Q1 2011	Q1 2010	2010	Last twelve months
Export / import	**8**	7	21	22

Power market liberalisation in Russia %	Q1 2011	Q1 2010	2010	Last twelve months
Share of power sold on the liberalised market	**100**	60	70	55
Share of power sold at the liberalised price by OAO Fortum	**84**	58	61	69

Power prices EUR/MWh	Q1 2011	Q1 2010	2010	Last twelve months
Power's Nordic power price	**47.9**	50.9	47.9	47.1
Power's Nordic power price* (former definition, NOT reported after Q1/2011)	**49.4**	54.5	49.7	48.3
Achieved power price for OAO Fortum	**29.2**	23.7	27.0	28.6

* For Power division in the Nordic countries, excluding pass-through sales

Production and sales volumes

Power generation **TWh**	**Q1 2011**	Q1 2010	2010	Last twelve months
Power generation in the EU and Norway	**15.6**	14.8	53.7	54.5
Power generation in Russia	**4.8**	4.7	16.1	16.2
Total	**20.4**	19.5	69.8	70.7

Heat production **TWh**	**Q1 2011**	Q1 2010	2010	Last twelve months
Heat production in the EU and Norway	**9.6**	10.3	26.1	25.4
Heat production in Russia	**11.0**	11.0	26.0	26.0
Total	**20.6**	21.3	52.1	51.4

Power generation capacity by division **MW**		**March 31 2011**	March 31 2010	Dec 31 2010
Power		**9 738**	9 709	9 728
Heat		**1 706**	1 518	1 600
Russia		**3 015**	2 785	2 785
Total		**14 459**	14 012	14 113

Heat production capacity by division **MW**		March 31 2011	March 31 2010	Dec 31 2010
Power		**250**	250	250
Heat		**10 405**	10 182	10 448
Russia		**14 051**	13 796	13 796
Total		**24 706**	24 228	24 494

Power generation by source in the Nordic area **TWh**	**Q1 2011**	Q1 2010	2010	Last twelve months
Hydropower	**4.1**	5.4	22.0	20.7
Nuclear power	**6.8**	5.9	22.0	22.9
Thermal power	**4.0**	3.2	8.3	9.1
Total	**14.9**	14.5	52.3	52.7

Power generation by source in the Nordic area **%**	**Q1 2011**	Q1 2010	2010	Last twelve months
Hydropower	**27**	37	42	39
Nuclear power	**46**	41	42	44
Thermal power	**27**	22	16	17
Total	**100**	100	100	100

Power sales **EUR million**	**Q1 2011**	Q1 2010	2010	Last twelve months
Power sales in the EU and Norway	**872**	937	3 110	3 045
Power sales in Russia	**162**	130	505	537
Total	**1 034**	1 067	3 615	3 582

Heat sales **EUR million**	**Q1 2011**	Q1 2010	2010	Last twelve months
Heat sales in the EU and Norway	**539**	480	1 309	1 368
Heat sales in Russia	**132**	113	287	306
Total	**671**	593	1 596	1 674

Power sales by area **TWh**	**Q1 2011**	Q1 2010	2010	Last twelve months
Finland	**8.1**	8.6	30.7	30.2
Sweden	**7.0**	7.4	28.3	27.9
Russia	**5.6**	5.5	18.7	18.8
Other countries	**1.1**	1.0	3.2	3.3
Total	**21.8**	22.5	80.9	80.2

NordPool transactions are calculated as a net amount of hourly sales and purchases at the Group level

Heat sales by area **TWh**	**Q1 2011**	Q1 2010	2010	Last twelve months
Russia	**11.0**	11.5	26.8	26.3
Finland	**3.4**	3.5	9.6	9.5
Sweden	**4.2**	4.6	10.9	10.5
Poland	**2.1**	1.8	4.0	4.3
Other countries [1)]	**1.2**	1.2	3.6	3.6
Total	**21.9**	22.6	54.9	54.2

1) Including the UK, which is reported in the Power division, other sales.