

Fortum Corporation
Interim Report
January - September 2006

Good results despite lower hydro and nuclear volumes

January-September in brief (continuing operations)

- Comparable operating profit EUR 997 (874) million, + 14%
- Profit before taxes 973 (801) million, + 21%
- Earnings per share EUR 0.83 (0.65), +28%
- Ownership in Russian TGC-1 will increase to over 25 per cent
- Fortum Espoo consolidated from the end of Q2 2006 onwards
- Mark-to-market accounting effect in Q3 pre-tax profit, EUR -8 (+44) million

Key figures, continuing operations	III/06	III/05	I-III/06	I-III/05	2005	Last 12 months (LTM)
Sales, EUR million	946	774	3,237	2,765	3,877	4,349
Operating profit, EUR million	216	240	1,000	873	1,347	1,474
Comparable operating profit, EUR million	225	220	997	874	1,334	1,457
Profit before taxes, EUR million	194	230	973	801	1,267	1,439
Earnings per share, EUR	0.19	0.20	0.83	0.65	1.01	1.20
Net cash from operating activities, EUR million	273	331	1,059	847	1,271	1,483
Shareholders' equity per share, EUR			7.97	7.86	8.17	
Interest-bearing net debt (at end of period), EUR million			4,159	3,333	3,158	
Average number of shares, 1,000s			880,695	872,438	872,613	

Key financial ratios, continuing operations	2005	LTM
Return on capital employed, %	13.5	14.0
Return on shareholders' equity, % *)	13.5	15.2
Net debt/EBITDA, %	1.8	2.2

*) Return on equity for continuing operations is calculated based on profit for the period from continuing operations divided by total equity at the end of the period. Profit for the period from discontinued operations has been subtracted from total equity as at 31 December 2005.

Fortum's comparable operating and reported operating profit improved during the first nine months. The comparable operating profit was EUR 123 million higher than a year ago, EUR 997 (874) million. Also the reported operating profit was higher, at EUR 1,000 (873) million.

Fortum's reported third-quarter operating profit was affected by IAS 39 requirements of mark-to-market accounting of the non-hedge items in Fortum's derivatives portfolio. The negative effect in the third quarter reported operating profit was EUR 14 million, while the effect was positive by EUR 16 million in the same period last year. The total negative IAS 39 effect in Fortum's third quarter pre-tax profit was EUR 8 million (positive EUR 44 million a year ago).

Thanks to Fortum's flexible generation portfolio, its own power generation in the Nordic countries in the first nine months of 2006 increased to 38.4 TWh (37.1 TWh in the same

period in 2005). Even in the third quarter Fortum reached the same generation volume of 10.9 TWh as in the last year, despite clearly lower hydro and nuclear generation volumes.

Fortum Espoo was de-listed on 13 September. Fortum Espoo has been fully consolidated from the end of the second quarter, and it is included in the appropriate segment figures. The consolidation has its main effects on the Heat, Distribution and Markets segments. The integration of Fortum Espoo has proceeded as planned. During the third quarter, all Fortum Espoo's business functions were integrated into Fortum's business unit structure. Fortum expects the integration of Fortum Espoo to bring gradual annual synergies of around EUR 15-20 million starting in 2007.

Sales and results for continuing operations

July - September

Group sales were EUR 946 (774) million. Group operating profit totalled EUR 216 (240) million. Comparable operating profit increased by EUR 5 million to EUR 225 (220) million. The consolidation of Fortum Espoo had no significant effect on comparable operating profit in the quarter. Comparable operating profit was negatively affected by costs and provisions related to the implementation of a new customer and billing system in Sweden. The Distribution and Markets segments were affected by this.

In July - September, the average spot price of electricity in Nord Pool (the Nordic power exchange) was EUR 59.8 (29.7) or 101% higher than during the corresponding period in 2005. The Power Generation segment's achieved Nordic power price of EUR 39.1 (29.9) per megawatt-hour was 31% higher.

The comparable operating profit of the Power Generation segment was EUR 34 million higher than last year, despite the negative effect from increased taxes on nuclear capacity and hydro property. A weakened hydrological situation caused lower hydro power generation, and nuclear power generation was lower due to unplanned shut-downs in Swedish nuclear power plants. The amount of thermal power generation was clearly higher. The total power generation volume was at the same level as in the corresponding period last year.

The Heat segment's comparable operating profit was EUR 15 million lower than last year mainly because of higher seasonality, lower comparable heat volumes due to warm weather and increased fuel prices. The increased share of district heating business in Finland and Poland, and higher net assets due to consolidation of Fortum Espoo, have increased the seasonality of the segment. The segment makes most of its profits in the first and last quarters of the year.

The Distribution segment's comparable operating profit for the period was EUR 8 million lower than last year. The consolidation of Fortum Espoo had a marginally positive impact on Distribution's comparable operating profit.

The Markets segment's comparable operating profit was EUR 5 million lower than last year. The Markets segment's procurement costs have continued to rise due to increasing electricity forward prices in Nord Pool. At the same time, the intense retail competition especially in Finland is keeping sales prices down. The consolidation of Fortum Espoo had a positive impact on Markets' comparable operating profit.

Sales from continuing operations, by segment

EUR million	III/06	III/05	I-III/06	I-III/05	2005	LTM
Power Generation	569	450	1,772	1,460	2,058	2,370
Heat	178	147	887	738	1,063	1,212
Distribution	162	149	543	511	707	739
Markets	436	284	1,383	974	1,365	1,774
Other	19	26	59	71	91	79
Eliminations	-418	-282	-1,407	-989	-1,407	-1,825
Total	946	774	3,237	2,765	3,877	4,349

Operating profit from continuing operations, by segment

EUR million	III/06	III/05	I-III/06	I-III/05	2005	LTM
Power Generation	184	181	690	529	825	986
Heat	-15	13	145	175	269	239
Distribution	42	48	178	175	251	254
Markets	6	7	12	21	32	23
Other	-1	-9	-25	-27	-30	-28
Total	216	240	1,000	873	1,347	1,474

Comparable operating profit from continuing operations, by segment

EUR million	III/06	III/05	I-III/06	I-III/05	2005	LTM
Power Generation	195	161	696	557	854	993
Heat	-3	12	158	156	253	255
Distribution	39	47	173	168	244	249
Markets	2	7	4	22	30	12
Other	-8	-7	-34	-29	-47	-52
Total	225	220	997	874	1,334	1,457

January - September

Group sales from continuing operations were EUR 3,237 (2,765) million. Group operating profit from continuing operations totalled EUR 1,000 (873) million. Comparable operating profit was EUR 997 (874) million.

In January-September, the average Nord Pool spot price was EUR 49.9 (28.3) per megawatt-hour or 76% higher than during the corresponding period in 2005. Power Generation's achieved Nordic power price of EUR 36.9 (30.5) per megawatt-hour was 21% higher.

The comparable operating profit of the Power Generation segment was EUR 139 million higher than last year despite the negative effect from increased taxes on nuclear capacity and hydro property. Compared to the previous year, the effect of increased taxes has been approximately EUR 50 million in the first nine months of 2006. The total power generation volume was higher than in the corresponding period last year.

The comparable operating profit of the Heat segment was EUR 2 million higher than last year due to increased heat and power volumes and higher prices. The positive effect was reduced by higher fuel prices and energy taxes.

The comparable operating profit for the Distribution segment was EUR 5 million higher than last year. In 2005, the Gudrun storm in Sweden had a negative impact on the operating profit.

The sales of the Markets segment were higher than during the corresponding period in 2005 due to higher prices. The comparable operating profit was EUR 18 million lower than the year before. The main reason was the challenging market environment, especially in Finland, where end-customer prices are still clearly lagging behind the Nord Pool forward price development.

The costs and provisions related to the implementation of a new customer and billing system affected the operating results of Distribution and Markets segments.

Profit before taxes from continuing operations was EUR 973 (801) million.

The Group's net financial expenses from continuing operations amounted to EUR 78 (100) million. The decrease is mainly attributable to a lower average level of debt and lower interest rates. Net financial expenses include fair value gains and losses on financial instruments of EUR 24 (26) million.

The share of profit of associates and joint ventures from continuing operations was EUR 51 (28) million. Hafslund ASA is showing the fair value change in the Renewable Energy Corporation ASA (REC) shareholding through the income statement, while Fortum is showing the fair value change in equity. The fair value change during 2006 based on the number of shares reported by Hafslund in its first half-year report was approximately EUR 380 million at the end of September 2006.

Minority interests accounted for EUR 26 (31) million. The minority interests are mainly attributable to Fortum Värme Holding, in which the City of Stockholm has a 50% economic interest.

Taxes for the period totalled EUR 214 (206) million. The tax rate according to the income statement was 22.0% (25.7%).

The profit for the period was EUR 759 (595) million. Fortum's earnings per share were EUR 0.83 (0.65). Return on capital employed was 14.0% for the last twelve months (13.5% at year-end 2005), and return on shareholders' equity was 15.2% for the last twelve months (13.5% at year-end 2005).

Market conditions

According to preliminary statistics, the Nordic countries consumed 80 (81) TWh of electricity during the third quarter of the year, which was 1% less than the comparison period last year. During the first nine months, consumption in the Nordic countries was 290 (284) TWh or 2% higher than during the corresponding period in 2005.

During the third quarter, the average spot price for power in Nord Pool, the Nordic power exchange, was EUR 59.8 (29.7) per megawatt-hour or 101% higher than in the corresponding period in 2005 and 35% higher than in the previous quarter. During the first nine months, the average spot price for power in Nord Pool was EUR 49.9 (28.3) per megawatt-hour, or 76% higher than in the corresponding period in 2005. The high spot price is due to the dry hydrological situation and unplanned nuclear shut-downs in Sweden.

In Continental Europe, the spot price was somewhat higher in the third than in the second quarter. For the most part, the German spot price was lower than in Nord Pool, resulting in net imports from Germany to the Nordic countries.

During the first nine months, the average market price for CO2 emissions was EUR 20.4 (17.1) per tonne, or 19% higher than during the corresponding period of the previous year. During the third quarter, the average market price for CO2 emissions was EUR 15.9 (23.3) per tonne CO2, or 32% lower than during the corresponding period in 2005. The prices varied significantly during the first nine months. After the drop from the EUR 30 per tonne CO2 level to about half of that at the end of April, the price has been at EUR 16-18 per tonne CO2. At the end of September, the price declined to EUR 12 per tonne CO2.

The year started with a 7-TWh surplus in the Nordic water reservoirs compared to the long-term average, but the hydrological situation weakened during the first nine months of the year. At the end of September, the Nordic water reservoirs were 26 TWh below the average and 31 TWh below the corresponding level in 2005. The decrease was due to both lower inflows to the reservoirs and high hydro power production at the beginning of the year.

Total power and heat generation figures

Fortum's total power generation during January-September was 39.3 (38.0) TWh, of which 38.4 (37.1) TWh was in the Nordic countries, representing 13% (13%) of the total Nordic electricity consumption.

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

Fortum's total power and heat generation, TWh	III/06	III/05	I-III/06	I-III/05	2005	LTM
Power generation	11.2	11.2	39.3	38.0	52.3	53.6
Heat generation	3.3	3.3	18.4	17.5	25.1	26.0

Fortum's own power generation by source, TWh, total in the Nordic countries	III/06	III/05	I-III/06	I-III/05	2005	LTM
Hydropower	3.8	4.6	14.2	15.4	21.2	20.0
Nuclear power	4.5	5.9	18.0	18.8	25.8	25.0
Thermal power	2.6	0.4	6.2	2.9	4.2	7.5
Total	10.9	10.9	38.4	37.1	51.2	52.5

Share of own production, %, total in the Nordic countries	III/06	III/05	I-III/06	I-III/05	2005	LTM
Hydropower	35	42	37	41	42	38
Nuclear power	41	54	47	51	50	48
Thermal power	24	4	16	8	8	14
Total	100	100	100	100	100	100

Total power and heat sales figures

Fortum's total power sales were 44.7 (43.5) TWh, of which 43.7 (41.7) TWh were in the Nordic countries. This represents approximately 15% (15%) of Nordic electricity consumption during January-September. Heat sales in the Nordic countries amounted to 15.0 (14.3) TWh and in other countries to 4.1 (2.3) TWh.

Fortum's total electricity **) and heat sales, EUR million	III/06	III/05	I-III/06	I-III/05	2005	LTM
Electricity sales	582	427	1,770	1,427	2,002	2,345
Heat sales	130	122	715	603	867	979

Fortum's total electricity sales **) by area, TWh	III/06	III/05	I-III/06	I-III/05	2005	LTM
Sweden	5.3	6.9	20.6	22.0	30.4	29.0
Finland	7.5	5.7	21.5	19.1	26.0	28.4
Other countries	0.7	0.7	2.6	2.4	3.3	3.5
Total	13.5	13.3	44.7	43.5	59.7	60.9

Fortum's total heat sales by area, TWh	III/06	III/05	I-III/06	I-III/05	2005	LTM
Sweden	0.8	0.9	6.8	6.5	9.5	9.8
Finland	1.7	1.6	7.4	6.9	9.8	10.3
Other countries*	0.8	0.7	4.9	3.2	4.5	6.3
Total	3.3	3.2	19.1	16.6	23.8	26.4

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

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

SEGMENT REVIEWS

Power Generation

The business area comprises power generation and sales in the Nordic countries and the provision of operation and maintenance services in the Nordic area and selected international markets. The Power Generation segment sells its production to Nord Pool. The segment includes the business units Generation, Portfolio Management and Trading (PMT), and Service.

EUR million	III/06	III/05	I-III/06	I-III/05	2005	LTM
Sales	569	450	1,772	1,460	2,058	2,370
- power sales	475	361	1,493	1,195	1,682	1,980
- other sales	94	89	279	265	376	390
Operating profit	184	181	690	529	825	986
Comparable operating profit	195	161	696	557	854	993
Net assets (at period-end)			6,353	6,037	5,954	
Return on net assets, %					14.0	16.7
Comparable return on net assets, %					14.5	16.9

The segment's power generation during the third quarter amounted to 10.4 (10.5) TWh in the Nordic countries.

In January-September, the segment's power generation in the Nordic countries was 35.3 (34.4) TWh, of which about 14.2 (15.4) TWh or 40% (44%) was hydropower-based, 18.0 (18.8) TWh or 51% (55%) nuclear power-based, and 3.1 (0.2) TWh or 9% (1%) thermal power-based. The decrease in hydro power generation was due to a weakened hydrological situation. The decrease in nuclear power generation was due to unplanned shut-downs in the Swedish nuclear power plants. Total power generation volume was higher due to the increase in thermal power generation. High spot prices caused by a weak hydrological situation and unplanned nuclear shut-downs in Sweden enabled increased usage of thermal power plants.

Power generation by area, TWh	III/06	III/05	I-III/06	I-III/05	2005	LTM
Sweden	5.2	6.5	19.7	20.5	28.4	27.6
Finland	5.2	4.0	15.6	13.9	18.8	20.5
Other countries	0.3	0.2	0.9	0.8	1.1	1.2
Total	10.7	10.7	36.2	35.2	48.3	49.3

Nordic sales volume, TWh	11.6	11.7	39.4	38.4	52.6	53.6
of which pass-through sales	0.8	0.9	3.2	3.3	4.5	4.4

Sales price, EUR/MWh	III/06	III/05	I-III/06	I-III/05	2005	LTM
Generation's Nordic power price*	39.1	29.9	36.9	30.5	31.2	35.9

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

In the third quarter, the average spot price for power in Nord Pool was 101% higher than a year ago. Fortum Generation's average achieved Nordic power price (excluding pass-through items) in the third quarter was 31% higher than a year ago, mainly due to improved hedging prices and higher spot prices. During the first nine months of the year, Fortum Generation's achieved Nordic power price was 21% higher, while the average spot price in Nord Pool was 76% higher than during the corresponding period in 2005. The related sales volume was 10.8 (10.8) TWh in the third quarter and 36.2 (35.1) TWh for the first nine months of the year.

The unplanned shut-downs in the Swedish nuclear power plants Forsmark and Oskarshamn caused a production loss in nuclear power generation of approximately 1 TWh to Fortum by the end of the September. Fortum was able to counterbalance the effects of this by increasing its thermal power generation. During September, three of the four affected units received restart permission from SKI (Swedish nuclear power authority). The annual refuelling outages in the Loviisa and Olkiluoto nuclear power plants were executed as planned.

In September, Fortum announced its intention to sell its industrial maintenance services business. The transaction requires the approval of the Finnish and Swedish competition authorities. Some 900 employees will transfer in connection with the deal. Fortum Service continues to focus mainly on operation and maintenance services for the energy industry as well as special services.

Fortum had an agreement with MMC Norilsk Nickel to acquire 24.83 per cent of the shares of Kolenergo in Russia, which was signed in November 2005. In September, Norilsk Nickel announced that it will call off the deal, referring to the conditions set by the Russian competition authority in August. The share transaction between Fortum and Norilsk Nickel was thus cancelled.

Fortum is participating in the fifth Finnish nuclear power unit with a share of approximately 25 per cent. The Supplier (Consortium AREVA-Siemens) has reported to TVO, the company that is building and owns the new unit, that it will be ready for commercial operation during the second quarter of year 2010.

Heat

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

EUR million	III/06	III/05	I-III/06	I-III/05	2005	LTM
Sales	178	147	887	738	1,063	1,212
- heat sales	126	115	688	580	834	942
- power sales	18	14	130	97	145	178
- other sales	34	1	69	61	84	92
Operating profit	-15	13	145	175	269	239
Comparable operating profit	-3	12	158	156	253	255
Net assets (at period-end)			3,216	2,336	2,551	
Return on net assets, %					11.6	9.4
Comparable return on net assets, %					11.0	9.9

The segment's heat sales during the third quarter amounted to 2.7 (2.7) TWh, most of which was generated in the Nordic countries. In January-September, heat sales totalled 17.5 (15.1) TWh. During the same periods, power sales at combined heat and power plants (CHP) totalled 0.8 (0.4) TWh and 3.3 (2.8) TWh.

Heat sales by area, TWh	III/06	III/05	I-III/06	I-III/05	2005	LTM
Sweden	0.8	0.9	6.8	6.5	9.5	9.8
Finland	1.7	1.6	7.4	6.9	9.8	10.3
Other countries	0.2	0.2	3.3	1.7	2.4	4.0
Total	2.7	2.7	17.5	15.1	21.7	24.1

Power sales, TWh	III/06	III/05	I-III/06	I-III/05	2005	LTM
Total	0.8	0.4	3.3	2.8	4.1	4.6

In September, Fortum signed an agreement with Vattenfall, according to which the company will sell its combined heat and power plant in the City of Hämeenlinna in Finland. The sale was required as one of the conditions set by the Finnish competition authority for the realisation of the E.ON Finland (now Fortum Espoo) acquisition.

In Sweden, Fortum introduced a new pricing policy for district heating in Stockholm.

Net assets increased mainly due to the consolidation of Fortum Espoo.

Distribution

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

EUR million	III/06	III/05	I-III/06	I-III/05	2005	LTM
Sales	162	149	543	511	707	739
- distribution network transmission	135	122	457	428	592	621
- regional network transmission	17	18	60	60	82	82
- other sales	10	9	26	23	33	36
Operating profit	42	48	178	175	251	254
Comparable operating profit	39	47	173	168	244	249
Net assets (at period-end)			3,216	3,033	3,021	
Return on net assets, %					8.8	8.8
Comparable return on net assets,%					8.6	8.6

The volumes of distribution and regional network transmissions totalled 17.6 (16.5) TWh and 13.5 (13.0) TWh, respectively. Electricity transmissions via the regional distribution network totalled 11.2 (10.7) TWh in Sweden and 2.3 (2.3) TWh in Finland.

The operations in Sweden, Finland and Norway have been stable this year, with a better than normal grid reliability for customers. Favourable weather conditions as well as actions taken to avoid disturbances, for instance cabling of the network and extensive tree trimming, have contributed to these good results.

Volume of distributed electricity in distribution network, TWh	III/06	III/05	I-III/06	I-III/05	2005	LTM
Sweden	2.7	2.7	10.6	10.3	14.4	14.7
Finland	1.7	1.2	5.2	4.5	6.3	7.0
Norway	0.4	0.4	1.7	1.6	2.2	2.3
Estonia	0.0	0.0	0.1	0.1	0.2	0.2
Total	4.8	4.3	17.6	16.5	23.1	24.2

Number of electricity distribution customers by area, thousands	30 Sept. 2006	30 Sept. 2005	31 Dec. 2005
Sweden	860	860	860
Finland	580	410	410
Other countries	120	115	120
Total	1,560	1,385	1,390

The Swedish Energy Authority's supervision of 2003 grid prices for Stockholm and the West Coast is ongoing, with the final decision still pending. There is still no communication from the authority regarding the 2004 supervision.

Investments in Reliability Investment Program in Sweden and Finland continue according to plans.

Markets

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

EUR million	III/06	III/05	I-III/06	I-III/05	2005	LTM
Sales	436	284	1,383	974	1,365	1,774
Operating profit	6	7	12	21	32	23
Comparable operating profit	2	7	4	22	30	12
Net assets (at period-end)			248	143	228	
Return on net assets, %					17.4	10.3
Comparable return on net assets, %					16.4	5.9

During the third quarter, Markets' electricity sales totalled 8.6 (8.6) TWh with sales for the three first quarters of the year amounting to 30.6 (29.4) TWh. The sales volume in the third quarter was at the same level as the year before despite the expiration of some large customer contracts at the end of last year, mainly thanks to Fortum Espoo integration and an increased number of new customers.

Nordic retail electricity prices have increased clearly from the year before. However, especially in Finland the retail prices have lagged behind the forward prices in Nord Pool.

During the third quarter, Fortum Espoo's electricity sales functions were integrated into Fortum.

The customer flow continued to develop positively during the first nine months of 2006.

Capital expenditures, investments and divestments of shares

Capital expenditures and investments in shares for continuing operations in January-September totalled EUR 1,063 (213) million. Investments excluding acquisitions were EUR 297 (207) million.

In September, Fortum signed an agreement to sell its combined heat and power plant in the City of Hämeenlinna in Finland.

In September, Fortum announced its intention to sell its industrial maintenance services business. The transaction requires the approval of the Finnish and Swedish competition authorities. Some 900 employees will transfer in connection with the deal.

Financing

Net debt at the end of the third quarter 2006 stood at EUR 4,159 million (EUR 3,158 million on 31 Dec 2005); the increase in net debt is primarily linked to the dividend payment in March and the Fortum Espoo acquisition in June.

Group liquidity remained good. At end of the third quarter, cash and marketable securities totalled EUR 811 million. The Group also had access to approximately EUR 1,315 million in undrawn committed credit facilities.

The Group's net financial expenses were EUR 78 (100) million. The decrease is mainly attributable to a lower average level of debt and lower interest rates. Net financial

expenses include fair value gains and losses on financial instruments of EUR 24 (26) million.

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

In January-September, a total of 635.1 million Fortum Corporation shares totalling EUR 12,670 million were traded. Fortum's market capitalisation, calculated using the closing quotation of the last trading day of the quarter, was EUR 18,558 million. The highest quotation of Fortum Corporation shares on the Helsinki Stock Exchange in the first nine months of the year was EUR 23.48, the lowest EUR 15.71, and the average quotation EUR 19.95. The closing quotation on the last trading day of the third quarter was EUR 21.01.

A total of 566,150 shares subscribed for based on share option schemes were entered into the trade register in the third quarter of 2006. After these subscriptions, Fortum's share capital is EUR 3,003,131,617 and the total number of registered shares is 883,274,005.

At the end of the third quarter, the Finnish state's holding in Fortum was 51.1%. The proportion of international shareholders stood at 34.9%.

Fortum Corporation's Annual General Meeting on 16 March 2006 authorised the Board of Directors to decide on repurchasing the company's own shares. The Board of Directors decided to start the repurchasing as of 8 June 2006 at the earliest and the repurchasing will continue until further notice.

During the third quarter Fortum did not purchase its own shares. At the end of the third quarter 2006, Fortum had purchased 1,660,000 of its own shares amounting to EUR 30,390,150 for an average price of EUR 18.31 per share.

Group personnel

The average number of employees in the Group during the period from January to September was 9,085 (10,279). The number of employees at the end of the period was 9,182 (8,657).

Events after the period under review

On 17 October, the Russian competition authority gave its approval to the agreement Fortum had made with ABN AMRO Finance ZAO entitling Fortum to purchase approximately 12.5 per cent of OAO St. Petersburg Generating Company. Once concluded, the transaction will increase Fortum's ownership in Territorial Generation Company-1 from the current approximately 18 per cent to slightly over 25 per cent. The purchase price is approximately EUR 120 million.

Outlook

The key market driver influencing Fortum's business performance is the Nordic wholesale price of electricity. Key drivers behind the wholesale price development are the Nordic hydrological situation, CO₂ emissions allowance prices, fuel prices and the demand for electricity. The Swedish krona exchange rate also affects Fortum's result.

According to general market information, electricity consumption in the Nordic countries is predicted to increase by about 1% a year over the next few years.

In mid-October, the Nordic water reservoirs were about 24 TWh below the average and 29 TWh below the corresponding level for 2005. In mid-October, the market price for emissions allowances for 2006 ranged between EUR 12-13 per tonne of CO₂. At the same time, the power price in the forward market for the rest of 2006 was in the range of EUR 64-67 per megawatt-hour, around EUR 52-54 per megawatt-hour for 2007 and around EUR 44-45 per megawatt-hour for 2008.

The recent prices can be explained partly by the current deficit in the Nordic hydro reservoirs and partly by unplanned nuclear shut-downs in Sweden.

As one of the co-owned Swedish reactors (Oskarshamn 1, of which Fortum's share is ~200 MW) is expected to be down until the end of the year, and as Nordic hydro reservoirs still are at relatively low levels, Fortum's hydro and nuclear generation volumes for the rest of 2006 may be lower than normal.

Fortum Generation's achieved Nordic power price typically depends on e.g. the hedge ratio, hedge price, spot price, optimisation of Fortum's flexible production portfolio even on an hourly basis, and currency changes. If Fortum would not hedge any of its production volumes, a 1 EUR/MWh change in the spot price would result in approximately a EUR 50 million change in Fortum's annual operating profit.

At the beginning of October, Fortum had hedged approximately 90% of its Nordic Power Generation sales volume for the remainder of 2006 at approximately EUR 37 per megawatt-hour. For the calendar year 2007, Fortum has hedged approximately 75% of its Nordic Power Generation sales volume at approximately EUR 42 per megawatt-hour. For the calendar year 2008, Fortum has hedged approximately 35% of its Nordic Power Generation sales volume at approximately EUR 41 per megawatt-hour. These hedge ratios may vary significantly depending on Fortum's actions on the electricity derivatives markets. Hedge prices are also influenced by changes in the SEK/EUR exchange rates, as part of the hedges are conducted in SEK.

Despite the unplanned nuclear production shut-downs in Sweden and the shortage in hydro reservoirs, Fortum performed well in the first nine months of the year 2006. With its flexible production portfolio and with favourable market fundamentals, Fortum is well positioned for the remainder of 2006 and for 2007.

Espoo, 18 October 2006
Fortum Corporation
Board of Directors

Further information:
Mikael Lilius, President and CEO, tel. +358 10 452 9100
Juha Laaksonen, CFO, tel. +358 10 452 4519

The figures have not been audited.

The Annual General Meeting will be held on 28 March 2007

Publication of results in 2007:
Financial statements January-December will be published on 31 January 2007
Interim Report January-March will be published on 24 April 2007

Interim Report January-June will be published on 18 July 2007
Interim Report January-September will be published on 18 October 2007

Distribution:
Helsinki Stock Exchange
Key media
www.fortum.com

Information on the financial statement release, including detailed quarterly information, is available on Fortum's website at: www.fortum.com/investors

FORTUM GROUP
JANUARY-SEPTEMBER 2006
Interim Financial Statements are unaudited
CONDENSED CONSOLIDATED INCOME STATEMENT

MEUR	Q3/2006	Q3/2005	Q1-Q3 2006	Q1-Q3 2005	2005	Last twelve months
Continuing operations:						
Sales	946	774	3 237	2 765	3 877	4 349
Other income	5	24	24	34	101	91
Materials and services	-372	-258	-1 220	-970	-1 325	-1 575
Employee benefit costs	-115	-106	-375	-359	-481	-497
Depreciation, amortisation and impairment charges	-116	-101	-311	-305	-407	-413
Other expenses	-132	-93	-355	-292	-418	-481
Operating profit	216	240	1 000	873	1 347	1 474
Share of profit of associates and joint ventures	10	12	51	28	55	78
Interest expense	-49	-51	-130	-157	-203	-176
Interest income	14	12	38	31	46	53
Fair value gains and losses on financial instruments	7	21	24	26	40	38
Other financial expenses - net	-4	-4	-10	0	-18	-28
Finance costs - net	-32	-22	-78	-100	-135	-113
Profit before income tax	194	230	973	801	1 267	1 439
Income tax expense	-34	-57	-214	-206	-331	-339
Profit for the period from continuing operations	160	173	759	595	936	1 100
Discontinued operations:						
Profit for the period from discontinued operations	-	-	-	474	474	-
Profit for the period	160	173	759	1 069	1 410	1 100
Attributable to:						
Equity holders of the Company	168	174	733	1 038	1 358	1 053
Minority interest	-8	-1	26	31	52	47
	160	173	759	1 069	1 410	1 100

Earnings per share for profit from total Fortum Group attributable to the equity holders of the company during the year (in € per share)

Basic	0.19	0.20	0.83	1.19	1.55	1.20
Diluted	0.19	0.19	0.82	1.17	1.53	1.18

Earnings per share for profit from continuing operations attributable to the equity holders of the company during the year (in € per share)

Basic	0.19	0.20	0.83	0.65	1.01	1.20
Diluted	0.19	0.19	0.82	0.63	1.00	1.18

Earnings per share for profit from discontinued operations attributable to the equity holders of the company during the year (in € per share)

Basic	-	-	-	0.54	0.54	-
Diluted	-	-	-	0.54	0.53	-

FORTUM GROUP
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CONDENSED CONSOLIDATED BALANCE SHEET

MEUR	Sept 30 2006	Sept 30 2005	Dec 31 2005
ASSETS			
Non-current assets			
Intangible assets	88	82	80
Property, plant and equipment	11 255	10 039	10 176
Investments in associates and joint ventures	1 994	1 547	1 610
Other long-term investments	535	570	502
Other long-term receivables	102	79	87
Long-term interest bearing receivables	658	625	620
Total non-current assets	14 632	12 942	13 075
Current assets			
Inventories	274	258	256
Trade and other receivables	1 187	859	1 011
Cash and cash equivalents	811	782	788
Total current assets	2 272	1 899	2 055
Total assets	16 904	14 841	15 130
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	3 003	2 968	2 976
Other equity	4 020	3 894	4 175
Total	7 023	6 862	7 151
Minority interest	223	177	260
Total equity	7 246	7 039	7 411
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities	4 362	3 828	3 118
Deferred tax liabilities	1 723	1 611	1 512
Provisions	653	582	606
Other liabilities	678	511	435
Total non-current liabilities	7 416	6 532	5 671
Current liabilities			
Interest-bearing liabilities	608	287	828
Trade and other payables	1 634	983	1 220
Total current liabilities	2 242	1 270	2 048
Total liabilities	9 658	7 802	7 719
Total equity and liabilities	16 904	14 841	15 130

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

MEUR	Share capital	Share premium	Other restricted funds	Fair value and other reserves	Treasury shares	Retained earnings	Minority	Total
Total equity at 31.12.2005	2 976	70	2	-117	-	4 220	260	7 411
Translation and other differences	-	-	-	-	-	16	2	18
Cash flow hedges	-	-	-	-273	-	-	-4	-277
Other fair value adjustments 1)	-	-	-	384	-	-	-	384
Total gains and losses not recognised in Income statement	-	-	-	111	-	16	-2	125
Net profit for the period	-	-	-	-	-	733	26	759
Total recognised income for the period	-	-	-	111	-	749	24	884
Stock options exercised	27	2	-	-	-	-	-	29
Cash dividend	-	-	-	-	-	-987	-	-987
Repurchase of own shares	-	-	-	-	-30	-	-	-30
Decrease in minority through business combinations	-	-	-	-	-	-	-61	-61
Total equity at 30.09.2006	3 003	72	2	-6	-30	3 982	223	7 246
Total equity at 31.12.2004	2 948	62	13	134	-	4 343	150	7 650
Translation and other differences	-	-	-	-	-	-57	-6	-63
Cash flow hedges	-	-	-	-245	-	34	2	-209
Other fair value adjustments	-	-	-	3	-	-	-	3
Total gains and losses not recognised in Income statement	-	-	-	-242	-	-23	-4	-269
Net profit for the period	-	-	-	-	-	1 038	31	1 069
Total recognised income for the period	-	-	-	-242	-	1 015	27	800
Stock options exercised	20	7	-12	-	-	-	-	15
Cash dividend	-	-	-	-	-	-506	-	-506
Share dividend 2)	-	-	-	-	-	-920	-	-920
Total equity at 30.09.2005	2 968	69	1	-108	-	3 932	177	7 039

1) Includes the fair value change of Renewable Energy Corporation (REC) shareholding in Hafslund. See accounting policies

2) In 2005 the effect from the share dividend on Fortum Group equity was EUR 920 million. In the parent company the effect on retained earnings was EUR 969 million in 2005.

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CONSOLIDATED CASH FLOW STATEMENT

MEUR	Q3/2006	Q3/2005	Q1-Q3 2006	Q1-Q3 2005	2005	Last twelve months
Cash flow from operating activities						
Operating profit before depreciations continuing operations	332	341	1 311	1 178	1 754	1 887
Non-cash flow items and divesting activities	2	-19	-21	-13	15	7
Financial items and realised foreign exchange gains and losses	5	26	27	-62	-107	-18
Taxes	-68	-71	-260	-226	-298	-332
Funds from operations continuing operations	271	277	1 057	877	1 364	1 544
Change in working capital	2	54	2	-30	-93	-61
Net cash from operating activities continuing operations	273	331	1 059	847	1 271	1 483
Net cash from operating activities discontinued operations	-	-	-	133	133	-
Total net cash from operating activities	273	331	1 059	980	1 404	1 483
Cash flow from investing activities						
Capital expenditures	-123	-84	-297	-207	-346	-436
Acquisition of shares	-5	-7	-755	-7	-127	-875
Proceeds from sales of fixed assets	1	2	10	11	30	29
Proceeds from sales of shares	16	7	31	26	26	31
Change in other investments	-26	10	-41	20	19	-42
Net cash used in investing activities continuing operations	-137	-72	-1 052	-157	-398	-1 293
Net cash used in investing activities discontinued operations	-	-	-	1 155	1 155	-
Total net cash used in investing activities	-137	-72	-1 052	998	757	-1 293
Cash flow before financing activities	136	259	7	1 978	2 161	190
Cash flow from financing activities						
Net change in loans	-32	-31	997	-877	-1 063	811
Dividends paid to the Company's equity holders	-	-	-987	-506	-506	-987
Repurchase of own shares	-	-	-30	-	-	-30
Other financing items	25	2	28	13	22	37
Net cash used in financing activities continuing operations	-7	-29	8	-1 370	-1 547	-169
Net cash used in financing activities discontinued operations	-	-	-	29	29	-
Total net cash used in financing activities	-7	-29	8	-1 341	-1 518	-169
Total net increase (+)/decrease (-) in cash and marketable securities, continuing operations	129	230	15	637	643	21

KEY RATIOS 1)

MEUR	Sept 30 2006	June 30 2006	March 31 2006	March 31 2005	June 30 2005	Sept 30 2005	Dec 31 2005	Last twelve months
Continuing operations:								
EBITDA, MEUR	1 311	979	570	509	837	1 178	1 754	1 887
Earnings per share (basic), EUR	0.83	0.64	0.39	0.28	0.45	0.65	1.01	1.20
Capital employed, MEUR	12 216	12 121	10 605	10 534	10 987	11 154	11 357	12 216
Interest-bearing net debt, MEUR	4 159	4 308	3 900	4 878	3 595	3 333	3 158	N/A
Capital expenditure and investments in shares, MEUR	1 063	935	114	49	123	213	479	1 329
Capital expenditure, MEUR	297	174	71	49	123	207	346	436
Return on capital employed, % 3)	12.5	14.6	19.4	16.4	12.4	11.7	13.5	14.0
Return on shareholders' equity, % 2)							13.5	15.2
Net debt / EBITDA 3)	2.4	2.2	1.7	2.4	2.2	2.1	1.8	2.2
Gearing, %	57	60	60	71	53	47	43	N/A
Equity per share, EUR	7.97	7.83	7.11	7.67	7.64	7.86	8.17	N/A
Equity-to-assets ratio, %	43	43	44	43	43	47	49	N/A
Total Fortum:								
Earnings per share (basic), EUR	0.83	0.64	0.39	0.38	0.99	1.19	1.55	1.20
Capital employed, MEUR	12 216	12 121	10 605	11 891	10 987	11 154	11 357	12 216
Return on capital employed, % 3)	12.5	14.6	19.4	18.2	16.7	15.3	16.6	14.0
Return on shareholders' equity, % 3)	13.7	16.3	21.4	19.5	19.2	17.6	18.7	15.4
Net debt / EBITDA 3)	2.4	2.2	1.7	1.8	1.5	1.5	1.4	2.2
Interest coverage	10.9	13.7	16.9	11.6	11.3	10.6	11.6	12.1
Funds from operations/interest-bearing net debt, % 3)	33.9	36.5	49.6	39.3	44.2	42.9	43.2	32.5
Average number of employees	9 085	9 024	8 886	13 135	11 066	10 279	10 026	N/A
Average number of shares, 1 000 shares	880 695	880 508	880 725	871 710	872 316	872 438	872 613	879 971
Diluted adjusted average number of shares, 1 000 shares	891 217	891 451	892 406	883 774	883 629	889 157	887 653	890 353
Number of registered shares, 1 000 shares	883 274	882 708	881 546	871 854	872 793	872 981	875 294	N/A
Number of shares excluding treasury shares, 1000 shares	881 614	881 048	N/A	N/A	N/A	N/A	N/A	N/A

1) Key ratios in 2005 are based on Fortum total numbers including continuing and discontinued operations if otherwise not stated.

2) Return on equity for continuing operations is calculated based on Profit for the period from continuing operations divided by Total equity at the end of the period. Profit for the period from discontinued operations has been subtracted from Total equity as at 31 December 2005.

3) Quarterly figures are annualised.

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SALES BY SEGMENTS

MEUR	Q3/06	Q3/05	Q1-Q3 2006	Q1-Q3 2005	2005	Last twelve months
Power Generation	569	450	1 772	1 460	2 058	2 370
- of which internal	-102	6	-169	74	97	-146
Heat	178	147	887	738	1 063	1 212
- of which internal	-12	1	-27	12	12	-27
Distribution	162	149	543	511	707	739
- of which internal	2	2	6	6	8	8
Markets	436	284	1 383	974	1 365	1 774
- of which internal	30	19	106	66	101	141
Other	19	26	59	71	91	79
- of which internal	16	13	46	50	63	59
Eliminations ¹⁾	-418	-282	-1 407	-989	-1 407	-1 825
Sales from continuing operations	946	774	3 237	2 765	3 877	4 349
Sales from discontinued operations	-	-	-	2 061	2 061	-
Eliminations	-	-	-	-20	-20	-
Total	946	774	3 237	4 806	5 918	4 349

1) Eliminations include sales and purchases with Nordpool that is netted on Group level on an hourly basis and posted either as revenue or cost depending on if Fortum is a net seller or net buyer during any particular hour.

OPERATING PROFIT BY SEGMENTS

MEUR	Q3/06	Q3/05	Q1-Q3 2006	Q1-Q3 2005	2005	Last twelve months
Power Generation	184	181	690	529	825	986
Heat	-15	13	145	175	269	239
Distribution	42	48	178	175	251	254
Markets	6	7	12	21	32	23
Other	-1	-9	-25	-27	-30	-28
Operating profit from continuing operations	216	240	1 000	873	1 347	1 474
Operating profit from discontinued operations	-	-	-	517	517	-
Total	216	240	1 000	1 390	1 864	1 474

COMPARABLE OPERATING PROFIT BY SEGMENTS, CONTINUING OPERATIONS

MEUR	Q3/06	Q3/05	Q1-Q3 2006	Q1-Q3 2005	2005	Last twelve months
Power Generation	195	161	696	557	854	993
Heat	-3	12	158	156	253	255
Distribution	39	47	173	168	244	249
Markets	2	7	4	22	30	12
Other	-8	-7	-34	-29	-47	-52
Comparable operating profit from continuing operations	225	220	997	874	1 334	1 457
Non-recurring items	8	2	23	20	30	33
Other items effecting comparability	-17	18	-20	-21	-17	-16
Operating profit from continuing operations	216	240	1 000	873	1 347	1 474

NON-RECURRING ITEMS BY SEGMENTS

MEUR	Q3/06	Q3/05	Q1-Q3 2006	Q1-Q3 2005	2005	Last twelve months
Power Generation	1	3	7	3	-3	1
Heat	-1	1	4	12	14	6
Distribution	1	0	3	1	1	3
Markets	0	0	0	0	0	0
Other	7	-2	9	4	18	23
Total	8	2	23	20	30	33

OTHER ITEMS EFFECTING COMPARABILITY BY SEGMENTS

MEUR	Q3/06	Q3/05	Q1-Q3 2006	Q1-Q3 2005	2005	Last twelve months
Power Generation	-12	17	-13	-31	-26	-8
Heat	-11	0	-17	7	2	-22
Distribution	2	1	2	6	6	2
Markets	4	0	8	-1	2	11
Other	0	0	0	-2	-1	1
Total	-17	18	-20	-21	-17	-16

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DEPRECIATION, AMORTISATION AND IMPAIRMENT CHARGES BY SEGMENTS

MEUR	Q3/06	Q3/05	Q1-Q3 2006	Q1-Q3 2005	Last twelve months	
Power Generation	28	27	81	83	112	110
Heat	41	30	101	92	123	132
Distribution	40	36	108	109	145	144
Markets	5	3	14	11	15	18
Other	2	5	7	10	12	9
Total depreciation, amortisation and impairment charges from continuing operations	116	101	311	305	407	413
Total depreciation, amortisation and impairment charges from discontinued operations	-	-	-	36	36	-
Total	116	101	311	341	443	413

SHARE OF PROFITS IN ASSOCIATES AND JOINT VENTURES BY SEGMENTS

MEUR	Q3/06	Q3/05	Q1-Q3 2006	Q1-Q3 2005	Last twelve months	
Power Generation ¹⁾	4	10	18	6	23	35
Heat	2	0	16	8	11	19
Distribution	3	1	15	14	20	21
Markets	0	1	1	1	1	1
Other	1	0	1	-1	0	2
Share of profits in associates and joint ventures from continuing operations	10	12	51	28	55	78
Share of profits in associates and joint ventures from discontinued operations	-	-	-	-2	-2	-
Total	10	12	51	26	53	78

1) The main part of the associated companies in Power Generation are power production companies from which Fortum purchases produced electricity at cost.

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES BY SEGMENTS

MEUR	Sept 30 2006	Sept 30 2005	Dec 31 2005
Power Generation	1 626	1 203	1 259
Heat	143	130	133
Distribution	216	205	210
Markets	8	9	8
Other	1	0	0
Total	1 994	1 547	1 610

CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES BY SEGMENTS^{*)}

MEUR	Q3/06	Q3/05	Q1-Q3 2006	Q1-Q3 2005	2005
Power Generation	21	21	66	60	129
Heat	54	38	696	71	212
Distribution	38	25	237	65	115
Markets	1	3	14	7	10
Other	14	3	50	10	13
Capital expenditure and investments in shares from continuing operations	128	90	1 063	213	479
Capital expenditure and investments in shares from discontinuing operations	-	-	-	99	99
Total	128	90	1 063	312	578

*) Q2 information regarding the investment in Fortum Espoo shares has been revised and the investment has been allocated to the appropriate segments. More information of the change in Accounting policies.

NET ASSETS BY SEGMENTS

MEUR	Sept 30 2006	Sept 30 2005	Dec 31 2005
Power Generation	6 353	6 037	5 954
Heat	3 216	2 336	2 551
Distribution	3 216	3 033	3 021
Markets	248	143	228
Other and Eliminations	172	139	139
Total	13 205	11 688	11 893

FORTUM GROUP
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RETURN ON NET ASSETS BY SEGMENTS

%	Last twelve months	Dec 31 2005
Power Generation	16.7	14.0
Heat	9.4	11.6
Distribution	8.8	8.8
Markets	10.3	17.4

COMPARABLE RETURN ON NET ASSETS BY SEGMENTS

%	Last twelve months	Dec 31 2005
Power Generation	16.9	14.5
Heat	9.9	11.0
Distribution	8.6	8.6
Markets	5.9	16.4

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

ASSETS BY SEGMENTS

MEUR	Sept 30 2006	Sept 30 2005	Dec 31 2005
Power Generation	6 871	6 575	6 522
Heat	3 636	2 581	2 895
Distribution	3 698	3 431	3 448
Markets	711	400	515
Other and Eliminations	236	225	216
Assets included in Net assets	15 152	13 212	13 596
Interest-bearing receivables	672	630	620
Deferred taxes	27	54	18
Other assets	242	163	108
Cash and cash equivalents	811	782	788
Total assets	16 904	14 841	15 130

LIABILITIES BY SEGMENTS

MEUR	Sept 30 2006	Sept 30 2005	Dec 31 2005
Power Generation	518	538	568
Heat	420	245	344
Distribution	482	398	427
Markets	463	257	287
Other and Eliminations	64	86	77
Liabilities included in Net assets	1 947	1 524	1 703
Deferred tax liabilities	1 723	1 611	1 512
Other	1 018	552	558
Total liabilities included in capital employed	4 688	3 687	3 773
Interest-bearing liabilities	4 970	4 115	3 946
Total equity	7 246	7 039	7 411
Total equity and liabilities	16 904	14 841	15 130

CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

MEUR	Sept 30 2006	Sept 30 2005	Dec 31 2005
Opening balance	10 256	12 041	12 041
De-consolidation of Neste Oil	-	-1 540	-1 540
Acquisition of subsidiary companies	1 008	7	171
Capital expenditures	297	207	346
Disposals	-10	-16	-31
Depreciation, amortisation and impairment	-311	-305	-407
Translation differences	103	-273	-324
Closing balance	11 343	10 121	10 256

QUARTERLY SALES BY SEGMENTS

	Q3	Q2	Q1	Q4	Q3	Q2	Q1
MEUR	2006	2006	2006	2005	2005	2005	2005
Power Generation	569	560	643	598	450	476	534
- of which internal	-102	-17	-50	23	6	13	55
Heat	178	229	480	325	147	206	385
- of which internal	-12	-7	-8	0	1	-1	12
Distribution	162	162	219	196	149	160	202
- of which internal	2	2	2	2	2	2	2
Markets	436	400	547	391	284	298	392
- of which internal	30	35	41	35	19	22	25
Other	19	20	20	20	26	22	23
- of which internal	16	15	15	13	13	15	22
Eliminations	-418	-423	-566	-418	-282	-304	-403
Sales from continuing operations	946	948	1 343	1 112	774	858	1 133
Sales from discontinued operations	-	-	-	-	-	-	2 061
Eliminations	-	-	-	-	-	-	-20
Total	946	948	1 343	1 112	774	858	3 174

QUARTERLY OPERATING PROFIT BY SEGMENTS

	Q3	Q2	Q1	Q4	Q3	Q2	Q1
MEUR	2006	2006	2006	2005	2005	2005	2005 ¹⁾
Power Generation	184	222	284	296	181	125	223
Heat	-15	41	119	94	13	50	112
Distribution	42	55	81	76	48	56	71
Markets	6	3	3	11	7	8	6
Other	-1	-9	-15	-3	-9	-12	-6
Operating profit from continuing operations	216	312	472	474	240	227	406
Operating profit from discontinued operations	-	-	-	-	-	390	127
Total	216	312	472	474	240	617	533

1) The accounting treatment of CO2 emission allowances was changed retroactively in Q2/2005 according to the decision of IASB to withdraw the IFRIC 3 Emission rights with immediate effect.

QUARTERLY COMPARABLE OPERATING PROFIT BY SEGMENTS, CONTINUING OPERATIONS

	Q3	Q2	Q1	Q4	Q3	Q2	Q1
MEUR	2006	2006	2006	2005	2005	2005	2005
Power Generation	195	208	293	297	161	172	224
Heat	-3	35	126	97	12	37	107
Distribution	39	53	81	76	47	55	66
Markets	2	2	0	8	7	8	7
Other	-8	-12	-14	-18	-7	-11	-11
Comparable operating profit from continuing operations	225	286	486	460	220	261	393
Non-recurring items	8	15	0	10	2	12	6
Other items effecting comparability	-17	11	-14	4	18	-46	7
Operating profit from continuing operations	216	312	472	474	240	227	406

QUARTERLY NON-RECURRING ITEMS BY SEGMENTS

	Q3	Q2	Q1	Q4	Q3	Q2	Q1
MEUR	2006	2006	2006	2005	2005	2005	2005
Power Generation	1	6	0	-6	3	0	0
Heat	-1	4	1	2	1	11	0
Distribution	1	2	0	0	0	1	0
Markets	0	0	0	0	0	0	0
Other	7	3	-1	14	-2	0	6
Total	8	15	0	10	2	12	6

QUARTERLY OTHER ITEMS EFFECTING COMPARABILITY

	Q3	Q2	Q1	Q4	Q3	Q2	Q1
MEUR	2006	2006	2006	2005	2005	2005	2005
Power Generation	-12	8	-9	5	17	-47	-1
Heat	-11	2	-8	-5	0	2	5
Distribution	2	0	0	0	1	0	5
Markets	4	1	3	3	0	0	-1
Other	0	0	0	1	0	-1	-1
Total	-17	11	-14	4	18	-46	7

DISCONTINUED OPERATIONS (including eliminations between Fortum and discontinued operations)

Fortum does not have discontinued operations in the year 2006.

MEUR	Q3	Q1-Q3	2005 ²⁾
	2005	2005 ¹⁾	
Sales	-	2 061	2 061
Other income	-	395	395
Materials and services	-	-1 726	-1 726
Employee benefit costs	-	-57	-57
Depreciation, amortisation and impairment charges	-	-36	-36
Other expenses	-	-120	-120
Operating profit	-	517	517
Share of profit of associates and joint ventures	-	-2	-2
Finance costs-net	-	-6	-6
Profit before income tax	-	509	509
Income tax expense	-	-35	-35
Profit for the year from discontinued operations	-	474	474

1) The accounting treatment of CO2 emission allowances was changed retroactively in Q2/2005 according to the decision of IASB to withdraw the IFRIC 3 Emission rights with immediate effect.

2) Other income includes the capital gain, EUR 390 million, from the sale of approximately 15% of the shares in Neste Oil Oyj in 2005.

CONTINGENT LIABILITIES

MEUR	Sept 30	Sept 30	Dec 31
	2006	2005	2005
Contingent liabilities			
On own behalf			
For debt			
Pledges	188	150	144
Real estate mortgages	49	63	49
For other commitments			
Real estate mortgages	59	56	66
Other contingent liabilities	142	91	94
Total	438	360	353
On behalf of associated companies and joint ventures			
Pledges and real estate mortgages	3	3	3
Guarantees	208	211	208
Other contingent liabilities	125	182	125
Total	336	396	336
On behalf of others			
Guarantees	18	63	2
Other contingent liabilities	1	12	3
Total	19	75	5
Total	793	831	694

Fortum's 100% owned subsidiary Fortum Heat and Gas Oy has a collective contingent liability with Neste Oil Oyj of the demerged Fortum Oil and Gas Oy's liabilities based on the Finnish Companies Act's Chapter 14a Paragraph 6.

Operating lease liabilities

Due within a year	18	11	17
Due after one year and within five years	37	35	31
Due after five years	6	9	9
Total	61	55	57

NUCLEAR RELATED ASSETS AND LIABILITIES

MEUR	Sept 30	Sept 30	Dec 31
	2006	2005	2005
Liability for nuclear waste management according to the Nuclear Energy Act 1)	618	596	618
Fortum's share of reserves in the Nuclear Waste Fund 2)	-618	-596	-610
Difference covered by real estate mortgages 3)	0	0	8

1) The legal liability calculated according to the Nuclear Energy Act in Finland is EUR 618 (596) million as of 30 September 2006 (and 2005 respectively). Discounted liability in the balance sheet calculated according to IAS 37 is EUR 446 (415) million as of 30 September 2006.

The main reason for the difference in liability is that the legal liability is not allowed to discount to net present value.

2) Fortum contributes to the Nuclear Waste Fund according to the legal liability. Fortum's share of the nuclear waste fund as of 30 September 2006 is EUR 618 (596) million.

The value of the fund asset in the balance sheet is EUR 446 (415) million as of 30 September 2006 due to IFRIC Interpretation 5, which states that it can not exceed the carrying value of the related liabilities.

3) At year end there is a difference between the legal liability and Fortum's share of the nuclear waste fund due to yearly revised calculation of the liability.

The difference is due to timing of the annual calculation of the liability and will be paid during first quarter the following year. To cover this difference Fortum has given real estate mortgages as security. The real estate mortgages are included in contingent liabilities.

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DERIVATIVES

MEUR	Sept 30 2006		Sept 30 2005		Dec 31 2005	
	Notional value	Net fair value	Notional value	Net fair value	Notional value	Net fair value
Interest and currency derivatives						
Interest rate swaps	3 264	22	2 845	36	2 636	11
Forward foreign exchange contracts	4 603	16	5 987	85	5 297	69
Interest rate and currency swaps	2 577	-16	936	0	2 169	3
Electricity derivatives						
	Volume	Net fair value	Volume	Net fair value	Volume	Net fair value
	TWh	MEUR	TWh	MEUR	TWh	MEUR
Sales swaps	119	-1 517	81	-388	84	-463
Purchase swaps	72	977	44	256	49	276
Purchased options	30	11	2	0	1	-1
Written options	41	-52	11	-12	3	2
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	295	0	60	-1	90	0
Purchase swaps and futures	448	2	730	11	571	6
CO2 emission allowance derivatives						
	Volume	Net fair value	Volume	Net fair value	Volume	Net fair value
	ktCO2	MEUR	ktCO2	MEUR	ktCO2	MEUR
Sold	622	3	-	-	-	-
Bought	610	-4	-	-	-	-

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	Currency	Sept 30	June 30	March 31	March 31	June 30	Sept 30	Dec 31
		2006	2006	2006	2005	2005	2005	2005
Sweden	SEK	9.3110	9.3329	9.3798	9.0817	9.1563	9.2166	9.2783
Norway	NOK	7.9753	7.9396	8.0171	8.2306	8.1314	8.0550	8.0240
Poland	PLN	3.9139	3.8991	3.8569	4.0381	4.1212	4.0600	4.0268
Balance sheet date rate		Sept 30	June 30	March 31	March 31	June 30	Sept 30	Dec 31
		2006	2006	2006	2005	2005	2005	2005
Sweden	SEK	9.2797	9.2385	9.4315	9.1430	9.4259	9.3267	9.3885
Norway	NOK	8.2350	7.9360	7.9675	8.2060	7.9155	7.8770	7.9850
Poland	PLN	3.9713	4.0546	3.9425	4.0807	4.3088	3.9185	3.8600

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ACCOUNTING POLICIES

The condensed financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2005.

Acquisition of Fortum Espoo Oyj

Fortum acquired 99.8% of the shares of Fortum Espoo Oyj (former E.On Finland Oyj) on 26. June 2006. On 13 September 2006 Fortum obtained the title to all minority shares of Fortum Espoo in the redemption procedure according to the Finnish Companies Act. The quotation of Fortum Espoo's share on Helsinki Stock Exchange has ceased on 13 September 2006.

Fortum Espoo is consolidated as 100% owned subsidiary to Fortum's September 2006 financial statements. Fortum Espoo figures and the purchase price allocation are included in appropriate segments. Fortum Espoo was consolidated in Fortum's June closing balance sheet using the consolidated balance sheet of Fortum Espoo Oyj as of 31 March 2006, because at that time the company was listed on the Helsinki Stock Exchange. In September 2006 closing the June 2006 balance sheet has been revised with Fortum Espoo published figures as of June 2006 and the purchase price allocation has been included in the appropriate segments in June 2006. No income statement effect has been recorded regarding June 2006.

The changes on previously reported information regarding Fortum Espoo are as follows:

MEUR	Reported earlier	Current reporting		
Balance sheet				
Total assets and liabilities	621	600		
Capital expenditure and investments in shares by segments				
Power Generation	43	45		
Heat	99	642		
Distribution	67	199		
Markets	7	13		
Other	730	36		
Capital expenditure and investments in shares	946	935		
	Reported earlier	Current reporting	Reported earlier Last twelve months	Current reporting Last twelve months
MEUR				
Net assets and return on net assets by segments				
Power Generation	6 351	6 359	17.0	16.9
Heat	2 470	3 186	11.8	11.1
Distribution	3 121	3 275	9.1	9.0
Markets	222	244	11.3	11.1
Other	1 053	140		
Net assets	13 217	13 204		

Accounting for the share of profits from Hafslund ASA

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. Hafslund will publish January-September 2006 interim report on 27 October. Fortum uses previous quarter information since Hafslund's interim reports are published later than Fortum's interim reports.

When calculating the share of profits in Hafslund, Fortum has in accordance with Fortum's accounting policies reclassified Hafslund's accounting treatment for the shareholding in Renewable Energy Corporation (REC). Hafslund has classified the shareholding in REC as financial assets at fair value through profit and loss while Fortum has classified the REC shareholding as available for sale financial assets with fair value changes recorded directly through equity. Only if Hafslund would divest shares in REC, the cumulative fair value change would effect Fortum's income statement.

Since REC is listed on the Oslo stock exchange as of 9 May 2006, Fortum is accounting for the fair value change in REC based on the closing price on the Oslo stock exchange at each closing date. The amount of shares is based on the amount published by Hafslund in the previous quarter if other information is not available. At the end of September 2006 the fair value change during 2006 was approximately EUR 380 million in Fortum.

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Definitions of key figures

Comparable operating profit	=		Operating profit - non-recurring items - other items effecting comparability
Non-recurring items	=		Mainly capital gains and losses
Other items effecting comparability	=		Includes effects from financial derivatives hedging future cash-flows where hedge accounting is not applied according to IAS 39 and effects from the accounting of Fortum's part of the Finnish Nuclear Waste Fund where the asset in the balance sheet cannot exceed the related liabilities according to IFRIC interpretation 5.
EBITDA (Earnings before interest, taxes, depreciation and amortisation) continuing operations	=		Operating profit continuing operations + Depreciation, amortisation and impairment charges continuing operations
Return on shareholders' equity, %	=	100 x	$\frac{\text{Profit for the year}}{\text{Total equity average}}$
Return on capital employed, %	=	100 x	$\frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Capital employed average}}$
Return on capital employed continuing operations, %	=	100 x	$\frac{\text{Profit before taxes continuing operations + interest and other financial expenses continuing operations}}{\text{Capital employed continuing operations average}}$
Return on net assets, %	=	100 x	$\frac{\text{Operating profit + Share of profit (loss) in associated companies and joint ventures}}{\text{Net assets average}}$
Comparable return on net assets, %	=	100 x	$\frac{\text{Comparable operating profit + Share of profit (loss) in associated and joint ventures (adjusted for IAS 39 effects)}}{\text{Comparable net assets average}}$
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 - cash and cash equivalents
Gearing, %	=	100 x	$\frac{\text{Interest-bearing net debt}}{\text{Total equity}}$
Equity per share, EUR	=		$\frac{\text{Shareholder's equity}}{\text{Number of shares excluding treasury shares at the end of the period}}$
Equity-to-assets ratio, %	=	100 x	$\frac{\text{Total equity including minority interest}}{\text{Total assets}}$
Net debt / EBITDA	=		$\frac{\text{Interest-bearing net debt}}{\text{Operating profit + Depreciation, amortisation and impairment charges}}$
Net debt / EBITDA continuing operations	=		$\frac{\text{Interest-bearing net debt}}{\text{Operating profit continuing operations + Depreciation, amortisation and impairment charges continuing operations}}$
Interest coverage	=		$\frac{\text{Operating profit}}{\text{Net interest expenses}}$
Earnings per share (EPS)	=		$\frac{\text{Profit for the period - minority interest}}{\text{Average number of shares during the period}}$