

Fortum Corporation
Interim Report
January - September 2007

Good performance continued

January-September in brief

- Comparable operating profit EUR 1,048 (997) million, +5%
- EUR 13 million negative one-time effect from increased nuclear waste management costs booked in the third-quarter comparable operating profit
- EUR 232 million after-tax gain from the sale of Lenenergo holding increased reported operating profit in the third quarter
- Profit before taxes 1,433 (973) million, +47%
- Earnings per share EUR 1.33 (0.83), +60%
- Good hedging positions

| Key figures | III/07 | III/06 | I-III/07 | I-III/06 | 2006 | Last 12 months (LTM) |
|---|--------|--------|----------|----------|---------|----------------------|
| Sales, EUR million | 860 | 946 | 3,159 | 3,237 | 4,491 | 4,413 |
| Operating profit, EUR million | 510 | 216 | 1,327 | 1,000 | 1,455 | 1,782 |
| Comparable operating profit, EUR million | 238 | 225 | 1,048 | 997 | 1,437 | 1,488 |
| Profit before taxes, EUR million | 471 | 194 | 1,433 | 973 | 1,421 | 1,881 |
| Earnings per share, EUR | 0.48 | 0.19 | 1.33 | 0.83 | 1.22 | 1.71 |
| Net cash from operating activities, EUR million | 255 | 273 | 1,325 | 1,059 | 1,151 | 1,417 |
| Shareholders' equity per share, EUR | | | 9.21 | 7.97 | 8.91 | |
| Interest-bearing net debt (at end of period), EUR million | | | 4,456 | 4,159 | 4,345 | |
| Average number of shares, 1,000s | | | 890,984 | 880,695 | 881,194 | |

| Key financial ratios | 2006 | LTM |
|-----------------------------------|------|------|
| Return on capital employed, % | 13.4 | 16.1 |
| Return on shareholders' equity, % | 14.4 | 20.0 |
| Net debt/EBITDA, % | 2.3 | 2.0 |

The first two quarters of 2007 were characterised by warm weather and lower than average power and heat demand. Both temperatures and demand were closer to average levels in the third quarter. Throughout the first nine months of the year, a strong hydrological situation combined with low carbon dioxide emission allowance prices led to low Nordic spot prices. Despite the challenging market conditions, Fortum improved its performance compared to last year. The company's financial position remained strong. Net cash from operating activities improved to EUR 1,325 (1,059) million.

Fortum sold its slightly over 1/3 stake in Russian JSC Lenenergo for EUR 295 million. The after-tax gain of EUR 232 million has been booked as a non-recurring item in the Distribution segment's operating profit. This corresponds to EUR 0.26 per share in Fortum's third-quarter result.

Fortum participated in the share issue of Russian Territorial Generating Company 1 (TGC-1) and maintained its 25.4% ownership. The total value of Fortum's subscription was EUR 243 million.

In the third quarter, the Power Generation segment's achieved Nordic power price was EUR 39.9 (39.1), up by 2% from last year and clearly higher than the average spot price of electricity in Nord Pool, the Nordic power exchange. The average spot price of electricity in Nord Pool was EUR 19.7 (59.8) per megawatt-hour (MWh), approximately 67% lower than the same period last year.

Financial results

July - September

Group sales were EUR 860 (946) million.

Group operating profit totalled EUR 510 (216) million, lifted by the one-off gain from the sale of Fortum's holding in Lenenergo. Comparable operating profit increased by EUR 13 million to EUR 238 (225) million. The comparable operating profit was affected by the negative EUR 13 million one-time effect from increased nuclear waste management costs in the Power Generation segment.

Sales by segment

| EUR million | III/07 | III/06 | I-III/07 | I-III/06 | 2006 | LTM |
|------------------|--------|--------|----------|----------|--------|--------|
| Power Generation | 502 | 569 | 1,665 | 1,772 | 2,439 | 2,332 |
| Heat | 186 | 178 | 917 | 887 | 1,268 | 1,298 |
| Distribution | 166 | 162 | 563 | 543 | 753 | 773 |
| Markets | 331 | 436 | 1,201 | 1,383 | 1,912 | 1,730 |
| Other | 19 | 19 | 60 | 59 | 78 | 79 |
| Eliminations | -344 | -418 | -1,247 | -1,407 | -1,959 | -1,799 |
| Total | 860 | 946 | 3,159 | 3,237 | 4,491 | 4,413 |

Comparable operating profit/-loss by segment

| EUR million | III/07 | III/06 | I-III/07 | I-III/06 | 2006 | LTM |
|------------------|--------|--------|----------|----------|-------|-------|
| Power Generation | 184 | 195 | 730 | 696 | 985 | 1,019 |
| Heat | -3 | -3 | 170 | 158 | 253 | 265 |
| Distribution | 50 | 39 | 181 | 173 | 250 | 258 |
| Markets | 11 | 2 | 0 | 4 | -4 | -8 |
| Other | -4 | -8 | -33 | -34 | -47 | -46 |
| Total | 238 | 225 | 1,048 | 997 | 1,437 | 1,488 |

Operating profit/-loss by segment

| EUR million | III/07 | III/06 | I-III/07 | I-III/06 | 2006 | LTM |
|------------------|--------|--------|----------|----------|-------|-------|
| Power Generation | 220 | 184 | 762 | 690 | 980 | 1,052 |
| Heat | -2 | -15 | 173 | 145 | 264 | 292 |
| Distribution | 282 | 42 | 414 | 178 | 252 | 488 |
| Markets | 15 | 6 | 10 | 12 | -6 | -8 |
| Other | -5 | -1 | -32 | -25 | -35 | -42 |
| Total | 510 | 216 | 1,327 | 1,000 | 1,455 | 1,782 |

January - September

Group sales were EUR 3,159 (3,237) million.

Group operating profit totalled EUR 1,327 (1,000) million. Comparable operating profit increased by EUR 51 million to EUR 1,048 (997) million.

The gain on the sale of Lenenergo shares increased third-quarter operating profit by EUR 232 million.

Profit before taxes was EUR 1,433 (973) million.

The Group's net financial expenses increased to EUR 117 (78) million. The increase is mainly attributable to a higher average level of debt and a lower EUR 4 (24) million change in the fair value of derivatives.

The share of profit of associates and joint ventures was EUR 223 (51) million. The biggest contributor was Hafslund ASA in Norway. In the first quarter, Hafslund announced that it had completed the sale of 35 million shares in Renewable Energy Corporation (REC) at NOK 138 per share. As a consequence, Fortum booked a gain of EUR 180 million, corresponding to EUR 0.20 per share, in its first-quarter result. After this transaction, Hafslund still owns 70.4 million shares in REC.

Hafslund is showing the fair value change in the REC shareholding through the income statement, while Fortum is showing the fair value change in equity. The cumulative fair value change booked in Fortum's equity and based on the remaining number of shares reported by Hafslund was approximately EUR 730 million at the end of September 2007.

Fortum received EUR 145 million in dividends from Hafslund in the second quarter. EUR 123 million of the dividend was due to the sale of REC.

Minority interests accounted for EUR 31 (26) 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 218 (214) million. The tax rate according to the income statement was 15.2% (22.0%), mainly due to the non-taxable gains of EUR 180 million from Hafslund's sale of REC shares and EUR 232 million from the sale of Lenenergo shares.

The profit for the period was EUR 1,215 (759) million. Fortum's earnings per share were EUR 1.33 (0.83). Return on capital employed was 16.1% for the last twelve months (13.4% at year-end 2006), and return on shareholders' equity was 20.0% for the last twelve months (14.4% at year-end 2006).

Market conditions

According to preliminary statistics, the Nordic countries consumed 84 (80) TWh of electricity during the third quarter of the year. During the first nine months of the year, the Nordic countries consumed about 289 (290) TWh, which was on the same level as last year.

The third quarter started with the Nordic water reservoirs being 4 TWh above the long-term average. At the end of September, the Nordic water reservoirs were 8 TWh above the long-term average and 34 TWh above the corresponding level in 2006.

During the third quarter, the average spot price for power in Nord Pool was EUR 19.7 (59.8) per megawatt-hour or 67% lower than in the corresponding period in 2006 and 12% lower than in the previous quarter. During the first nine months of the year, the average spot price for power in Nord Pool was EUR 22.9 (49.9) per megawatt-hour, or 54% lower than in the corresponding period in 2006. The low spot price was due to the strong hydrological situation and low CO₂ emission prices.

During the third quarter, the average market price for 2007 CO₂ emissions was EUR 0.1 (15.9) per tonne CO₂, or 99% lower than in the corresponding period in 2006. During the first nine months of the year, the average market price for 2007 CO₂ emissions was EUR 0.9 (20.3) per tonne, or 96% lower than in the corresponding period of the previous year.

In Germany, the average spot price for the third quarter was higher compared to the Nordic area, resulting in a net export from the Nordic area to Germany.

Total power and heat generation figures

Fortum's total power generation during January-September was 38.0 (39.3) TWh, of which 37.2 (38.4) TWh was in the Nordic countries, representing 13% (13%) of the total Nordic electricity consumption. During the period, approximately 92% of the generated power was CO₂-free.

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/07 | III/06 | I-III/07 | I-III/06 | 2006 | LTM |
|--|---------------|---------------|-----------------|-----------------|-------------|------------|
| Power generation | 10.4 | 11.2 | 38.0 | 39.3 | 54.4 | 53.1 |
| Heat generation | 3.5 | 3.3 | 17.9 | 18.4 | 25.8 | 25.3 |

| Fortum's own power generation by source, TWh, total in the Nordic countries | III/07 | III/06 | I-III/07 | I-III/06 | 2006 | LTM |
|--|---------------|---------------|-----------------|-----------------|-------------|-------------|
| Hydropower | 3.9 | 3.8 | 15.3 | 14.2 | 19.8 | 20.9 |
| Nuclear power | 5.4 | 4.5 | 18.2 | 18.0 | 24.4 | 24.6 |
| Thermal power | 0.8 | 2.6 | 3.7 | 6.2 | 9.0 | 6.5 |
| Total | 10.1 | 10.9 | 37.2 | 38.4 | 53.2 | 52.0 |

| Fortum's own power generation by source, %, total in the Nordic countries | III/07 | III/06 | I-III/07 | I-III/06 | 2006 | LTM |
|--|---------------|---------------|-----------------|-----------------|-------------|------------|
| Hydropower | 39 | 35 | 41 | 37 | 37 | 40 |
| Nuclear power | 53 | 41 | 49 | 47 | 46 | 47 |
| Thermal power | 8 | 24 | 10 | 16 | 17 | 13 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 |

Total power and heat sales figures

Fortum's total power sales were 43.8 (44.7) TWh, of which 42.9 (43.7) 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 13.9 (14.3) TWh and in other countries to 4.3 (4.8) TWh.

| Fortum's total electricity *) and heat sales, EUR million | III/07 | III/06 | I-III/07 | I-III/06 | 2006 | LTM |
|---|--------|--------|----------|----------|-------|-------|
| Electricity sales | 483 | 582 | 1,673 | 1,770 | 2,437 | 2,340 |
| Heat sales | 154 | 130 | 744 | 715 | 1,014 | 1,042 |

| Fortum's total electricity sales *) by area, TWh | III/07 | III/06 | I-III/07 | I-III/06 | 2006 | LTM |
|--|--------|--------|----------|----------|------|------|
| Sweden | 5.4 | 5.3 | 20.7 | 20.6 | 28.5 | 28.6 |
| Finland | 6.1 | 7.5 | 20.9 | 21.5 | 29.6 | 29.0 |
| Other countries | 0.6 | 0.7 | 2.2 | 2.6 | 3.5 | 3.1 |
| Total | 12.1 | 13.5 | 43.8 | 44.7 | 61.6 | 60.7 |

| Fortum's total heat sales by area, TWh | III/07 | III/06 | I-III/07 | I-III/06 | 2006 | LTM |
|--|--------|--------|----------|----------|------|------|
| Sweden | 0.9 | 0.8 | 6.1 | 6.8 | 9.3 | 8.6 |
| Finland | 1.7 | 1.7 | 7.7 | 7.4 | 10.7 | 11.0 |
| Other countries** | 0.9 | 0.8 | 4.4 | 4.9 | 6.8 | 6.3 |
| Total | 3.5 | 3.3 | 18.2 | 19.1 | 26.8 | 25.9 |

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

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

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/07 | III/06 | I-III/07 | I-III/06 | 2006 | LTM |
|------------------------------------|--------|--------|----------|----------|-------|-------|
| Sales | 502 | 569 | 1,665 | 1,772 | 2,439 | 2,332 |
| - power sales | 426 | 475 | 1,433 | 1,493 | 2,059 | 1,999 |
| - other sales | 76 | 94 | 232 | 279 | 380 | 333 |
| Operating profit | 220 | 184 | 762 | 690 | 980 | 1,052 |
| Comparable operating profit | 184 | 195 | 730 | 696 | 985 | 1,019 |
| Net assets (at period-end) | | | 7,164 | 6,353 | 6,734 | |
| Return on net assets, % | | | | | 16.1 | 18.7 |
| Comparable return on net assets, % | | | | | 16.1 | 15.4 |

The segment's power generation during the third quarter amounted to 9.5 (10.4) TWh in the Nordic countries.

In January-September, the segment's power generation in the Nordic countries was 33.9 (35.3) TWh, of which about 15.3 (14.2) TWh or 45% (40%) was hydropower-based, 18.2 (18.0) TWh or 54% (51%) nuclear power-based, and 0.4 (3.1) TWh or 1% (9%) thermal power-based. The increase in hydropower generation was due to a strengthened hydrological situation. The year-on-year increase in nuclear generation was caused mainly by unplanned shut-downs in the Swedish nuclear power plants in the latter part of 2006. Thermal power generation decreased due to the low spot price. In January-September, approximately 97% of the segment's power generation was CO₂-free.

| Power generation by area, TWh | III/07 | III/06 | I-III/07 | I-III/06 | 2006 | LTM |
|--------------------------------------|---------------|---------------|-----------------|-----------------|-------------|-------------|
| Sweden | 5.1 | 5.2 | 19.5 | 19.7 | 27.1 | 26.9 |
| Finland | 4.4 | 5.2 | 14.4 | 15.6 | 21.1 | 19.9 |
| Other countries | 0.3 | 0.3 | 0.8 | 0.9 | 1.2 | 1.1 |
| Total | 9.8 | 10.7 | 34.7 | 36.2 | 49.4 | 47.9 |

| | | | | | | |
|---------------------------------|------|------|------|------|------|------|
| Nordic sales volume, TWh | 11.0 | 11.6 | 38.1 | 39.4 | 53.9 | 52.6 |
| of which pass-through sales | 1.4 | 0.8 | 4.2 | 3.2 | 4.5 | 5.5 |

| Sales price, EUR/MWh | III/07 | III/06 | I-III/07 | I-III/06 | 2006 | LTM |
|----------------------------------|---------------|---------------|-----------------|-----------------|-------------|------------|
| Generation's Nordic power price* | 39.9 | 39.1 | 38.4 | 36.9 | 37.1 | 38.2 |

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

Fortum Generation's achieved Nordic power price (excluding pass-through items) in the third quarter was 2% higher than a year ago, due to hedging. During the first nine months of the year, Fortum Generation's achieved Nordic power price was 4% higher, while the average spot price in Nord Pool was 54% lower than during the corresponding period in 2006. The related sales volume was 9.6 (10.8) TWh in the third quarter and 33.9 (36.2) TWh for the first nine months of the year.

The comparable operating profit of the Power Generation segment was slightly lower in the third quarter than in the corresponding period last year. The positive impact from the higher achieved Nordic power price and increased nuclear power generation was offset by the negative impact of lower thermal power generation volumes, low performance in Fortum Service and the EUR 13 million one-time effect from higher nuclear waste management costs.

In January-September, the comparable operating profit was higher than last year. The segment's achieved Nordic power price was higher due to the higher hedge prices. The positive impact from increased hydropower and nuclear power generation was offset by lower thermal power generation volumes and the one-time effect from higher nuclear waste management costs.

The higher nuclear waste management costs are based on the new technical plan and updated cost estimate in Loviisa nuclear power plant in Finland. The plan is made every third year. Fortum's legal nuclear waste management liability is calculated according to the Nuclear Energy Act and will be decided by the Ministry of Trade and Industry latest in January 2008. The future costs are estimated to increase mainly due to the new technical solution related to filling material for the tunnels in the final repository. The legal liability is estimated to increase by approximately EUR 130 million.

Fortum is obligated to contribute the funds in full to the State Nuclear Waste Management Fund (the Fund) to cover the legal liability. Fortum has applied for periodising of the payments to the fund over six years. The decision will be by the Council of State latest in

January 2008. Fortum's accounting of the nuclear waste management liability is based on the assumption that the periodising over six years will be approved.

In June 2007, Fortum submitted to the Finnish Ministry of Trade and Industry the Environmental Impact Assessment (EIA) programme regarding a new nuclear power plant possibly to be built at Hästholmen island in Loviisa. Fortum will compile the actual EIA report based on this programme and the statements received about it. The EIA report will be submitted to the Ministry by summer of next year. The subject of the EIA process is the construction of a new, 1000-1800 MW nuclear power plant.

In July, the Finnish Government granted new operating licences to Loviisa nuclear power plant units 1 and 2. The licences were applied for by Fortum Power and Heat Oy last November. For Loviisa 1, the new licence is valid until the end of 2027 and for Loviisa 2, until the end of 2030. The current licences, which were granted in 1998, expire at the end of this year. Fortum's Loviisa power plant has produced nuclear power for thirty years. The annual refuelling outages in Loviisa were completed in September.

Heat

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

| EUR million | III/07 | III/06 | I-III/07 | I-III/06 | 2006 | LTM |
|------------------------------------|--------|--------|----------|----------|-------|-------|
| Sales | 186 | 178 | 917 | 887 | 1,268 | 1,298 |
| - heat sales | 142 | 126 | 712 | 688 | 976 | 1,000 |
| - power sales | 23 | 31 | 133 | 130 | 198 | 201 |
| - other sales | 21 | 21 | 72 | 69 | 94 | 97 |
| Operating profit/-loss | -2 | -15 | 173 | 145 | 264 | 292 |
| Comparable operating profit/-loss | -3 | -3 | 170 | 158 | 253 | 265 |
| Net assets (at period-end) | | | 3,402 | 3,216 | 3,407 | |
| Return on net assets, % | | | | | 9.6 | 9.4 |
| Comparable return on net assets, % | | | | | 9.2 | 8.6 |

The segment's heat sales during the third quarter amounted to 3.0 (2.7) TWh, most of which was generated in the Nordic countries. In January-September, heat sales totalled 16.8 (17.5) TWh. During the same periods, power sales at combined heat and power plants (CHP) totalled 0.6 (0.8) TWh and 3.3 (3.3) TWh.

The Heat segment's comparable operating loss during the third quarter was at the same level as last year. The comparable operating profit of the Heat segment in the first nine months of the year was EUR 12 million higher than last year. This was mainly attributable to the acquisition of Fortum Espoo (E.ON Finland). Results increased also in Poland due to efficiency improvements.

| Heat sales by area, TWh | III/07 | III/06 | I-III/07 | I-III/06 | 2006 | LTM |
|-------------------------|--------|--------|----------|----------|------|-----|
|-------------------------|--------|--------|----------|----------|------|-----|

| | | | | | | |
|-----------------|-----|-----|------|------|------|------|
| Sweden | 0.9 | 0.8 | 6.2 | 6.8 | 9.3 | 8.6 |
| Finland | 1.7 | 1.7 | 7.7 | 7.4 | 10.7 | 11.0 |
| Other countries | 0.4 | 0.2 | 2.9 | 3.3 | 4.7 | 4.4 |
| Total | 3.0 | 2.7 | 16.8 | 17.5 | 24.7 | 24.0 |

| | | | | | | |
|-------------------------|---------------|---------------|-----------------|-----------------|-------------|------------|
| Power sales, TWh | III/07 | III/06 | I-III/07 | I-III/06 | 2006 | LTM |
| Total | 0.6 | 0.8 | 3.3 | 3.3 | 5.0 | 5.0 |

The new CHP projects in Suomenoja, Finland, Czestochowa, Poland and Tartu, Estonia are proceeding. The preparations are continuing for the CHP plants in Värtan and Brista in Sweden and in Järvenpää, Finland.

The number of district heating customers has increased, thanks to acquisitions in Finland and Poland.

In July, Fortum acquired the district heating company EC Wojkowice in Poland. The annual heat sales of the company total some 64 GWh and electricity sales 320 MWh. The company has 34 employees.

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/07 | III/06 | I-III/07 | I-III/06 | 2006 | LTM |
|-------------------------------------|--------|--------|----------|----------|-------|------|
| Sales | 166 | 162 | 563 | 543 | 753 | 773 |
| - distribution network transmission | 139 | 135 | 475 | 457 | 636 | 654 |
| - regional network transmission | 18 | 17 | 60 | 60 | 80 | 80 |
| - other sales | 9 | 10 | 28 | 26 | 37 | 39 |
| Operating profit | 282 | 42 | 414 | 178 | 252 | 488 |
| Comparable operating profit | 50 | 39 | 181 | 173 | 250 | 258 |
| Net assets (at period-end) | | | 3,296 | 3,216 | 3,412 | |
| Return on net assets, % | | | | | 8.4 | 15.1 |
| Comparable return on net assets, % | | | | | 8.3 | 8.2 |

The volume of distribution and regional network transmissions totalled 18.4 (17.6) TWh and 13.2 (13.5) TWh, respectively.

Electricity transmissions via the regional distribution network totalled 10.9 (11.2) TWh in Sweden and 2.3 (2.3) TWh in Finland.

Lower costs for grid losses and costs related to the new billing system last year contributed to the improved third-quarter comparable operating profit for the segment. The segment was able to improve its nine-month result despite the additional costs caused by storms at the beginning of the year. Also the acquisition of Fortum Espoo (E.ON Finland) contributed positively to the segment.

The after-tax gain of EUR 232 million from selling the holding in JSC Lenenergo has been booked in Distribution segment's operating profit.

| Volume of distributed electricity in distribution network, TWh | III/07 | III/06 | I-III/07 | I-III/06 | 2006 | LTM |
|--|--------|--------|----------|----------|------|------|
| Sweden | 2.8 | 2.7 | 10.2 | 10.6 | 14.4 | 14.0 |
| Finland | 1.8 | 1.7 | 6.6 | 5.2 | 7.7 | 9.1 |
| Norway | 0.3 | 0.4 | 1.5 | 1.7 | 2.3 | 2.1 |
| Estonia | 0.0 | 0.0 | 0.1 | 0.1 | 0.2 | 0.2 |
| Total | 4.9 | 4.8 | 18.4 | 17.6 | 24.6 | 25.4 |

| Number of electricity distribution customers by area, thousands | 30 Sep 2007 | 30 Sep 2006 | 31 Dec 2006 |
|---|-------------|-------------|-------------|
| Sweden | 870 | 860 | 865 |
| Finland | 590 | 580 | 580 |
| Other countries | 120 | 120 | 120 |
| Total | 1,580 | 1,560 | 1,565 |

Fortum Distribution has decided to refrain from charging around 400,000 Finnish distribution customers the fixed monthly fee during December 2007. Fortum wants to stay within the income limits set by the Finnish distribution regulation for the period 2005-2007.

Swedish law requires that all distribution customers in Sweden have a monthly meter reading by mid-2009. The pace of automatic meter reader installation in Sweden is accelerating, leading to additional costs.

The new customer and billing system in Sweden has continued to cause extra costs.

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/07 | III/06 | I-III/07 | I-III/06 | 2006 | LTM |
|------------------------------------|--------|--------|----------|----------|-------|-------|
| Sales | 331 | 436 | 1,201 | 1,383 | 1,912 | 1,730 |
| Operating profit/-loss | 15 | 6 | 10 | 12 | -6 | -8 |
| Comparable operating profit/-loss | 11 | 2 | 0 | 4 | -4 | -8 |
| Net assets (at period-end) | | | 157 | 248 | 176 | |
| Return on net assets, % | | | | | -1.6 | -4.0 |
| Comparable return on net assets, % | | | | | -0.8 | -10.0 |

During the third quarter, Markets electricity sales totalled 8.3 (8.6) TWh with sales for the first nine months of the year amounting to 29.1 (30.6) TWh.

The Markets segment's third-quarter operating profit was clearly positive and higher compared to last year. The improved performance is mainly explained by lower procurement costs. The segment's sales volume was 0.3 TWh lower than last year.

In the first nine months of the year, the comparable operating profit of the Markets segment turned positive, but was lower than last year. Net sales were lower than in the comparable period last year due to lower retail prices. The sales volume was 1.5 TWh less compared to the first nine months in 2006.

Markets customer net flow in the Nordic market was slightly negative due to tight competition in Sweden. In Finland the customer flow has been positive in the three first quarters of 2007 due to increasing sales of environmentally-labelled electricity products.

The new customer and billing system in Sweden has continued to cause extra costs.

Capital expenditures and investments in shares

Capital expenditures and investments in shares in January-September totalled EUR 646 (1,063) million. Investments, excluding acquisitions, were EUR 382 (297) million.

Fortum has sold its slightly over 1/3 stake in JSC Lenenergo for approximately EUR 295 million. The decision to sell the Lenenergo shares is in line with Fortum's strategy in Russia to invest primarily in generation assets. The current business of Lenenergo is electricity distribution in the city of St. Petersburg and the Leningrad region.

In September, Fortum participated in the share issue of Russian Territorial Generating Company 1 (TGC-1), subscribing to 243,691,499,640 new shares in the company. At 0.035 rubles per share, the total value of Fortum's subscription was approximately 8.5 billion rubles, or approximately EUR 243 million. With this subscription, Fortum maintained its 25.4% stake in TGC-1 and its position as the second largest shareholder of the company.

Financing

During the third quarter, net debt decreased by EUR 154 million to EUR 4,456 million from EUR 4,610 million at the end of the second quarter (EUR 4,345 million at year-end 2006).

Liquidity remained strong with cash and marketable securities amounting to EUR 815 million at the end of the quarter. The Group also had access to approximately EUR 1.6 billion of undrawn committed credit facilities. No new material financing arrangements were established during the quarter.

The Group's net financial expenses were EUR 117 (78) million. The increase is attributable to changes in fair values of derivatives of EUR 4 (24) million and approximately EUR 0.6 billion higher average net debt in 2007 compared to 2006. Net interest expenses were EUR 107 (92) 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 647.9 million Fortum Corporation shares totalling EUR 14,539 million were traded. Fortum's market capitalisation, calculated using the closing quotation of the last trading day of the quarter, was EUR 22,963 million. The highest quotation of Fortum Corporation shares on the Helsinki Stock Exchange in the first nine months of the year was EUR 26.63, the lowest EUR 20.01, and the volume weighted

average quotation EUR 22.49. The closing quotation on the last trading day of the third quarter was EUR 25.74.

A total of 646,973 shares subscribed for based on share option schemes were entered into the trade register in the third quarter of 2007. After these subscriptions, the total number of registered shares is 892,118,926.

At quarter end, the Finnish state's holding in Fortum was 50.5%. The proportion of nominee registrations and direct foreign shareholders was 35.6%.

Currently, the Board of Directors has no unused authorisations from the Annual General Meeting of Shareholders to issue convertible loans or bonds with warrants or to issue new shares. Currently, the Board of Directors has an authorisation from the Annual General Meeting of Shareholders on 28 March 2007 to buy Fortum Corporation's own shares. The authorisation, amounting to EUR 300 million or 20 million shares, is valid until the next Annual General Meeting. The shares repurchased by Fortum shall be cancelled through a separate decision made by the Board of Directors of Fortum.

Group personnel

The average number of employees in the Group during the period from January to September was 8,305 (9,085). The number of employees at the end of the period was 8,306 (9,182).

Russia

Fortum's main holdings in Russia stem from its past ownership in JSC Lenenergo, an integrated power and heat company in the St. Petersburg region. In late 2005, the company's generation assets were spun-off and a regional generation company, TGC-1, was formed. JSC Lenenergo continued as a regional distribution company. In the third quarter 2007, Fortum sold its holding in JSC Lenenergo. The sale was in line with Fortum's strategy in Russia of focusing on power generation. Fortum maintained its 25.4% ownership in the regional generation company TGC-1.

Fortum is evaluating opportunities to participate in share issues and ownership restructurings in the Russian power generation sector in order to further strengthen its position in the Russian wholesale power market.

In October, Fortum sold its approximately 0.7% holding in the Russian Wholesale Generating Company 5 (WGC-5) for approximately EUR 28 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 and fuel prices. The Swedish krona exchange rate also affects Fortum's reported result, as results generated by Fortum in Sweden are translated into euros.

Fortum's financial results are exposed to a number of strategic, financial and operational risks. For further details of Fortum's risks and risk management, see Fortum's Operating and Financial Review and Financial Statements 2006.

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 early October, the Nordic water reservoirs were about 7 TWh above the long-term average and 32 TWh above the corresponding level of 2006. In mid-October, the market price for emissions allowances for 2007 was about EUR 0.1 per tonne of CO₂ and for 2008 between EUR 22-23 per tonne of CO₂. At the same time, the electricity forward price for the rest of 2007 was around EUR 41-45 per MWh, for 2008 around EUR 49-52 per MWh and for 2009 around EUR 49-51 per MWh.

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

Fortum Power Generation's achieved Nordic power price typically depends on e.g. the hedge ratio, hedge price, spot price, utilisation and optimisation of Fortum's flexible production portfolio – even on an hourly basis – and currency fluctuations. 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 85% of the Power Generation segment's estimated Nordic electricity sales volume for the remainder of 2007 at approximately EUR 41 per MWh. For the calendar year 2008, approximately 65% of the Power Generation segment's estimated Nordic electricity sales volume was hedged at approximately EUR 44 per MWh. For the calendar year 2009, approximately 20% of the Power Generation segment's estimated Nordic electricity sales volume was hedged at approximately EUR 45 per MWh. 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.

Increases in nuclear capacity and hydro property taxes and changes in the CO₂-tax have been proposed in Sweden in conjunction with the government's 2008 budget. Fortum estimates that its additional costs due to these taxes will be just under EUR 30 million in 2008.

Fortum achieved good nine-month results, despite challenging market conditions and low Nord Pool spot prices. The Group's financial position is strong. With its flexible and climate-benign production portfolio, Fortum continues to be well positioned for the future.

Espoo, 17 October 2007
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 interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the EU. The interim financial statements have not been audited.

Fortum's Annual General Meeting is planned to take place on 1 April 2008.

Publication of results in 2008:

Financial statements January-December 2007 will be published on 31 January 2008

Interim Report January-March will be published on 24 April 2008

Interim Report January-June will be published on 17 July 2008

Interim Report January-September will be published on 22 October 2008

Distribution:

Helsinki Stock Exchange

Key media

www.fortum.com

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

CONSOLIDATED INCOME STATEMENT

| MEUR | Note | Q3 2007 | Q3 2006 | Q1-Q3 2007 | Q1-Q3 2006 | Last twelve 2006 months | |
|--|-------|----------------|---------|-----------------------|---------------|----------------------------|--------|
| Sales | 4 | 860 | 946 | 3 159 | 3 237 | 4 491 | 4 413 |
| Other income | | 261 | 5 | 309 | 24 | 80 | 365 |
| Materials and services | | -287 | -372 | -1 089 | -1 220 | -1 673 | -1 542 |
| Employee benefit costs | | -109 | -115 | -359 | -375 | -508 | -492 |
| Depreciation, amortisation and impairment charges | 4, 12 | -113 | -116 | -336 | -311 | -429 | -454 |
| Other expenses | | -102 | -132 | -357 | -355 | -506 | -508 |
| Operating profit | | 510 | 216 | 1 327 | 1 000 | 1 455 | 1 782 |
| Share of profit of associates and joint ventures | 4, 13 | 6 | 10 | 223 | 51 | 69 | 241 |
| Interest expense | | -57 | -49 | -156 | -130 | -176 | -202 |
| Interest income | | 21 | 14 | 49 | 38 | 50 | 61 |
| Fair value gains and losses on financial instruments | | 2 | 7 | 4 | 24 | 30 | 10 |
| Other financial expenses - net | | -11 | -4 | -14 | -10 | -7 | -11 |
| Finance costs - net | | -45 | -32 | -117 | -78 | -103 | -142 |
| Profit before income tax | | 471 | 194 | 1 433 | 973 | 1 421 | 1 881 |
| Income tax expense | 9 | -44 | -34 | -218 | -214 | -301 | -305 |
| Profit for the period | | 427 | 160 | 1 215 | 759 | 1 120 | 1 576 |
| Attributable to: | | | | | | | |
| Equity holders of the Company | | 431 | 168 | 1 184 | 733 | 1 071 | 1 522 |
| Minority interest | | -4 | -8 | 31 | 26 | 49 | 54 |
| | | 427 | 160 | 1 215 | 759 | 1 120 | 1 576 |
| Earnings per share for profit attributable to the equity holders of the company during the year (in €per share) | | | | | | | |
| Basic | 10 | 0.48 | 0.19 | 1.33 | 0.83 | 1.22 | 1.71 |
| Diluted | | 0.48 | 0.19 | 1.33 | 0.82 | 1.21 | 1.71 |

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CONSOLIDATED BALANCE SHEET

| MEUR | Note | Sept 30 2007 | Sept 30 2006 | Dec 31 2006 |
|--|-------|-----------------|-----------------|----------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Intangible assets | 12 | 76 | 88 | 96 |
| Property, plant and equipment | 12 | 11 407 | 11 255 | 11 471 |
| Investments in associates and joint ventures | 4, 13 | 2 755 | 1 994 | 2 197 |
| Share in State Nuclear Waste Management Fund | 16 | 510 | 446 | 450 |
| Other long-term investments | | 104 | 62 | 101 |
| Deferred tax assets | | 3 | 27 | 5 |
| Derivative financial instruments | 6 | 117 | 102 | 103 |
| Long-term interest bearing receivables | | 718 | 658 | 680 |
| Total non-current assets | | 15 690 | 14 632 | 15 103 |
| Current assets | | | | |
| Inventories | | 321 | 274 | 329 |
| Derivative financial instruments | 6 | 125 | 183 | 198 |
| Trade and other receivables | | 718 | 1 004 | 1 052 |
| Cash and cash equivalents | | 815 | 811 | 157 |
| Total current assets | | 1 979 | 2 272 | 1 736 |
| Total assets | | 17 669 | 16 904 | 16 839 |
| EQUITY | | | | |
| Capital and reserves attributable to the Company's equity holders | | | | |
| Share capital | 14 | 3 039 | 3 003 | 3 023 |
| Other equity | | 5 180 | 4 020 | 4 885 |
| Total | | 8 219 | 7 023 | 7 908 |
| Minority interest | | 274 | 223 | 253 |
| Total equity | | 8 493 | 7 246 | 8 161 |
| LIABILITIES | | | | |
| Non-current liabilities | | | | |
| Interest-bearing liabilities | 15 | 4 583 | 4 362 | 4 060 |
| Derivative financial instruments | 6 | 131 | 219 | 134 |
| Deferred tax liabilities | | 1 715 | 1 723 | 1 795 |
| Nuclear provisions | 16 | 510 | 446 | 450 |
| Pension and other provisions | | 152 | 207 | 186 |
| Other liabilities | | 476 | 459 | 485 |
| Total non-current liabilities | | 7 567 | 7 416 | 7 110 |
| Current liabilities | | | | |
| Interest-bearing liabilities | 15 | 688 | 608 | 442 |
| Derivative financial instruments | 6 | 172 | 662 | 198 |
| Trade and other payables | | 749 | 972 | 928 |
| Total current liabilities | | 1 609 | 2 242 | 1 568 |
| Total liabilities | | 9 176 | 9 658 | 8 678 |
| Total equity and liabilities | | 17 669 | 16 904 | 16 839 |

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CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

| | Share capital | Share premium | Other restricted funds | Fair value and other reserves | Treasury shares | Retained earnings | Attributable to the equity holders | Minority | Total |
|---|---------------|---------------|------------------------|-------------------------------|-----------------|-------------------|------------------------------------|------------|--------------|
| MEUR | | | | | | | | | |
| Total equity at 31.12.2006 | 3 023 | 73 | 1 | 511 | - | 4 300 | 7 908 | 253 | 8 161 |
| Translation and other differences | | | | 19 | | -4 | 15 | -5 | 10 |
| Cash flow hedges | | | | -90 | | | -90 | | -90 |
| Other fair value adjustments ¹⁾ | | | | 306 | | -3 | 303 | | 303 |
| Total gains and losses not recognised in Income statement | | | | 235 | | -7 | 228 | -5 | 223 |
| Net profit for the period | | | | | | 1 184 | 1 184 | 31 | 1 215 |
| Total recognised income for the period | | | | 235 | | 1 177 | 1 412 | 26 | 1 438 |
| Stock options exercised | 16 | | | | | | 16 | | 16 |
| Cash dividend ²⁾ | | | | | | -1 122 | -1 122 | | -1 122 |
| Changes between restricted and unrestricted equity | | | | 4 | | -4 | 0 | | 0 |
| Changes in minority through business combinations | | | | | | 5 | 5 | -5 | 0 |
| Total equity at 30.09.2007 | 3 039 | 73 | 5 | 746 | - | 4 356 | 8 219 | 274 | 8 493 |
| MEUR | | | | | | | | | |
| Total equity at 31.12.2005 | 2 976 | 70 | 2 | -117 | - | 4 220 | 7 151 | 260 | 7 411 |
| Translation and other differences | | | | | | 16 | 16 | 2 | 18 |
| Cash flow hedges | | | | -273 | | | -273 | -4 | -277 |
| Other fair value adjustments | | | | 384 | | | 384 | | 384 |
| Total gains and losses not recognised in Income statement | | | | 111 | | 16 | 127 | -2 | 125 |
| Net profit for the period | | | | | | 733 | 733 | 26 | 759 |
| Total recognised income for the period | | | | 111 | | 749 | 860 | 24 | 884 |
| Stock options exercised | 27 | 2 | | | | | 29 | | 29 |
| Cash dividend ²⁾ | | | | | | -987 | -987 | | -987 |
| Repurchase of own shares | | | | | -30 | | -30 | | -30 |
| Changes in minority through business combinations | | | | | | | | -61 | -61 |
| Total equity at 30.09.2006 | 3 003 | 72 | 2 | -6 | -30 | 3 982 | 7 023 | 223 | 7 246 |

¹⁾ Includes the fair value change of Renewable Energy Corporation (REC) shareholding in Hafslund and the effect of Hafslund's sale of REC shares.

See Note 13 Changes in investments in associates and joint ventures.

²⁾ See Note 11 Dividends.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| | Q3 2007 | Q3 2006 | Q1-Q3 2007 | Q1-Q3 2006 | Last twelve months | |
|--|-------------|-------------|--------------|---------------|--------------------|--------------|
| | | | | | 2006 | months |
| MEUR | | | | | | |
| Cash flow from operating activities | | | | | | |
| Operating profit before depreciations | 623 | 332 | 1 663 | 1 311 | 1 884 | 2 236 |
| Non-cash flow items and divesting activities | -263 | 2 | -268 | -21 | -92 | -339 |
| Financial items and realised foreign exchange gains and losses | -6 | 5 | 89 | 27 | -89 | -27 |
| Taxes | -83 | -68 | -320 | -260 | -374 | -434 |
| Funds from operations | 271 | 271 | 1 164 | 1 057 | 1 329 | 1 436 |
| Change in working capital | -16 | 2 | 161 | 2 | -178 | -19 |
| Total net cash from operating activities | 255 | 273 | 1 325 | 1 059 | 1 151 | 1 417 |
| Cash flow from investing activities | | | | | | |
| Paid capital expenditures | -128 | -123 | -341 | -297 | -485 | -529 |
| Acquisition of subsidiaries, net of cash acquired | -2 | -5 | -10 | -752 | -754 | -12 |
| Acquisition of associates | -245 | - | -245 | -1 | -124 | -368 |
| Acquisition of other long-term investments | 0 | - | -2 | -2 | -21 | -21 |
| Proceeds from sales of fixed assets | 3 | 1 | 12 | 10 | 83 | 85 |
| Proceeds from sales of subsidiaries, net of cash disposed | 0 | 1 | 0 | 1 | 11 | 10 |
| Proceeds from sales of associates | 298 | 15 | 302 | 29 | 30 | 303 |
| Proceeds from sales of other long-term investments | 0 | - | 0 | 1 | 1 | 0 |
| Change in interest-bearing receivables | -19 | -26 | -56 | -41 | -47 | -62 |
| Total net cash used in investing activities | -93 | -137 | -340 | -1 052 | -1 306 | -594 |
| Cash flow before financing activities | 162 | 136 | 985 | 7 | -155 | 823 |
| Cash flow from financing activities | | | | | | |
| Net change in loans | -230 | -32 | 779 | 997 | 492 | 274 |
| Dividends paid to the Company's equity holders | 0 | - | -1 122 | -987 | -987 | -1 122 |
| Repurchase of own shares | 0 | - | 0 | -30 | -30 | 0 |
| Other financing items | 5 | 25 | 16 | 28 | 49 | 37 |
| Total net cash used in financing activities | -225 | -7 | -327 | 8 | -476 | -811 |
| Total net increase (+)/decrease (-) in cash and marketable securities | -63 | 129 | 658 | 15 | -631 | 12 |

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KEY RATIOS

| | Sept 30 2007 | June 30 2007 | March 31 2007 | March 31 2006 | June 30 2006 | Sept 30 2006 | Dec 31 2006 | Last twelve months |
|--|-----------------|-----------------|------------------|------------------|-----------------|-----------------|----------------|-----------------------|
| MEUR | | | | | | | | |
| EBITDA, MEUR | 1 663 | 1 040 | 602 | 570 | 979 | 1 311 | 1 884 | 2 236 |
| Earnings per share (basic), EUR | 1.33 | 0.85 | 0.59 | 0.39 | 0.64 | 0.83 | 1.22 | 1.71 |
| Capital employed, MEUR | 13 764 | 13 503 | 12 593 | 10 605 | 12 121 | 12 216 | 12 663 | 13 764 |
| Interest-bearing net debt, MEUR | 4 456 | 4 610 | 3 932 | 3 900 | 4 308 | 4 159 | 4 345 | N/A |
| Capital expenditure and gross investments in shares, MEUR | 646 | 253 | 115 | 114 | 935 | 1 063 | 1 395 | 978 |
| Capital expenditure, MEUR | 382 | 236 | 100 | 71 | 174 | 297 | 485 | 570 |
| Return on capital employed, % ¹⁾ | 15.1 | 14.8 | 18.0 | 19.4 | 14.6 | 12.5 | 13.4 | 16.1 |
| Return on shareholders' equity, % ¹⁾ | 17.8 | 17.2 | 21.1 | 21.4 | 16.3 | 13.7 | 14.4 | 20.0 |
| Net debt / EBITDA ¹⁾ | 2.1 | 2.2 | 1.6 | 1.7 | 2.2 | 2.4 | 2.3 | 2.0 |
| Interest coverage | 12.4 | 11.5 | 15.3 | 16.9 | 13.7 | 10.9 | 11.5 | 12.6 |
| Funds from operations/interest-bearing net debt, % ¹⁾ | 33.9 | 36.1 | 45.5 | 49.6 | 36.5 | 33.9 | 30.6 | 32.2 |
| Gearing, % | 52 | 58 | 52 | 60 | 60 | 57 | 53 | N/A |
| Equity per share, EUR | 9.21 | 8.68 | 8.22 | 7.11 | 7.83 | 7.97 | 8.91 | N/A |
| Equity-to-assets ratio, % | 48 | 46 | 43 | 44 | 43 | 43 | 48 | N/A |
| Average number of employees | 8 305 | 8 257 | 8 165 | 8 886 | 9 024 | 9 085 | 8 910 | N/A |
| Average number of shares, 1 000 shares | 890 984 | 890 770 | 890 263 | 880 725 | 880 508 | 880 695 | 881 194 | 888 908 |
| Diluted adjusted average number of shares, 1 000 shares | 892 815 | 893 140 | 893 252 | 892 406 | 891 451 | 891 217 | 886 929 | 890 737 |
| Number of registered shares, 1 000 shares | 892 119 | 891 472 | 890 685 | 881 546 | 882 708 | 883 274 | 887 394 | N/A |
| Number of shares excluding treasury shares, 1000 shares | N/A | N/A | N/A | N/A | 881 048 | 881 614 | N/A | N/A |

¹⁾ Quarterly figures are annualised.
For definitions, see Note 22.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the EU.
The condensed interim financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2006.

2. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the Group's annual financial statements for the year ended 31 December 2006, except for changes listed below.

The following new standards, amendments to standards and interpretations that have been considered to be relevant for the Group have been adopted by the Group as of 1 January 2007.

- IFRS 7 Financial instruments: Disclosures and a complementary amendment to IAS 1, Presentation of Financial statements - Capital disclosures. IFRS 7 introduces new disclosure requirements relating to financial instruments. The standard does not have any impact on the classification or valuation of the Group's financial instruments as such.
- IFRIC 9 Reassessment of Embedded derivatives. The interpretation requires the determination of whether the arrangement contains embedded derivatives, which have to be reported separately as derivative instruments.
- IFRIC 10 Interim Financial Reporting and Impairment: IFRIC 10 denies to reverse the impairment charge reported in interim report at later closing dates of the financial year.

These newly adopted standards and interpretations have not had any effect on the reported income statement, balance sheet or disclosures.

The following interpretations are mandatory for the financial year ending 31 December 2007, but not relevant for the Group.

- IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies.
- IFRIC 8 Scope of IFRS 2.

For further information on accounting of associates, see Note 13 below.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 31 December 2006.

4. PRIMARY SEGMENT INFORMATION

SALES BY SEGMENT

| MEUR | Q3 2007 | Q3 2006 | Q1-Q3 2007 | Q1-Q3 2006 | 2006 | Last twelve months |
|----------------------------|------------|------------|---------------|---------------|--------------|-----------------------|
| Power Generation | 502 | 569 | 1 665 | 1 772 | 2 439 | 2 332 |
| - of which internal | 70 | -102 | 318 | -169 | -133 | 354 |
| Heat | 186 | 178 | 917 | 887 | 1 268 | 1 298 |
| - of which internal | 4 | -12 | 39 | -27 | -32 | 34 |
| Distribution | 166 | 162 | 563 | 543 | 753 | 773 |
| - of which internal | 2 | 2 | 6 | 6 | 8 | 8 |
| Markets | 331 | 436 | 1 201 | 1 383 | 1 912 | 1 730 |
| - of which internal | 30 | 30 | 106 | 106 | 149 | 149 |
| Other | 19 | 19 | 60 | 59 | 78 | 79 |
| - of which internal | 17 | 16 | 52 | 46 | 62 | 68 |
| Eliminations ¹⁾ | -344 | -418 | -1 247 | -1 407 | -1 959 | -1 799 |
| Total | 860 | 946 | 3 159 | 3 237 | 4 491 | 4 413 |

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 2007 | Q3 2006 | Q1-Q3 2007 | Q1-Q3 2006 | 2006 | Last twelve months |
|------------------|------------|------------|---------------|---------------|--------------|-----------------------|
| Power Generation | 220 | 184 | 762 | 690 | 980 | 1 052 |
| Heat | -2 | -15 | 173 | 145 | 264 | 292 |
| Distribution | 282 | 42 | 414 | 178 | 252 | 488 |
| Markets | 15 | 6 | 10 | 12 | -6 | -8 |
| Other | -5 | -1 | -32 | -25 | -35 | -42 |
| Total | 510 | 216 | 1 327 | 1 000 | 1 455 | 1 782 |

COMPARABLE OPERATING PROFIT BY SEGMENTS

| MEUR | Q3 2007 | Q3 2006 | Q1-Q3 2007 | Q1-Q3 2006 | 2006 | Last twelve months |
|-------------------------------------|------------|------------|---------------|---------------|--------------|-----------------------|
| Power Generation | 184 | 195 | 730 | 696 | 985 | 1 019 |
| Heat | -3 | -3 | 170 | 158 | 253 | 265 |
| Distribution | 50 | 39 | 181 | 173 | 250 | 258 |
| Markets | 11 | 2 | 0 | 4 | -4 | -8 |
| Other | -4 | -8 | -33 | -34 | -47 | -46 |
| Comparable operating profit | 238 | 225 | 1 048 | 997 | 1 437 | 1 488 |
| Non-recurring items | 232 | 8 | 237 | 23 | 61 | 275 |
| Other items effecting comparability | 40 | -17 | 42 | -20 | -43 | 19 |
| Operating profit | 510 | 216 | 1 327 | 1 000 | 1 455 | 1 782 |

NON-RECURRING ITEMS BY SEGMENTS

| MEUR | Q3 2007 | Q3 2006 | Q1-Q3 2007 | Q1-Q3 2006 | 2006 | Last twelve months |
|------------------|------------|----------|---------------|---------------|-----------|-----------------------|
| Power Generation | 0 | 1 | 2 | 7 | 29 | 24 |
| Heat | 0 | -1 | 1 | 4 | 20 | 17 |
| Distribution | 232 | 1 | 232 | 3 | 2 | 231 |
| Markets | 1 | 0 | 1 | 0 | 0 | 1 |
| Other | -1 | 7 | 1 | 9 | 10 | 2 |
| Total | 232 | 8 | 237 | 23 | 61 | 275 |

OTHER ITEMS EFFECTING COMPARABILITY BY SEGMENTS

| MEUR | Q3 2007 | Q3 2006 | Q1-Q3 2007 | Q1-Q3 2006 | 2006 | Last twelve months |
|------------------|-----------|------------|---------------|---------------|------------|-----------------------|
| Power Generation | 36 | -12 | 30 | -13 | -34 | 9 |
| Heat | 1 | -11 | 2 | -17 | -9 | 10 |
| Distribution | 0 | 2 | 1 | 2 | 0 | -1 |
| Markets | 3 | 4 | 9 | 8 | -2 | -1 |
| Other | 0 | 0 | 0 | 0 | 2 | 2 |
| Total | 40 | -17 | 42 | -20 | -43 | 19 |

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DEPRECIATION, AMORTISATION AND IMPAIRMENT CHARGES BY SEGMENTS

| MEUR | Q3 2007 | Q3 2006 | Q1-Q3 2007 | Q1-Q3 2006 | 2006 | Last twelve months |
|------------------|----------------|----------------|-----------------------|-----------------------|-------------|-------------------------------|
| Power Generation | 27 | 28 | 78 | 81 | 108 | 105 |
| Heat | 40 | 41 | 120 | 101 | 144 | 163 |
| Distribution | 40 | 40 | 119 | 108 | 147 | 158 |
| Markets | 2 | 5 | 9 | 14 | 19 | 14 |
| Other | 4 | 2 | 10 | 7 | 11 | 14 |
| Total | 113 | 116 | 336 | 311 | 429 | 454 |

SHARE OF PROFITS IN ASSOCIATES AND JOINT VENTURES BY SEGMENTS

| MEUR | Q3 2007 | Q3 2006 | Q1-Q3 2007 | Q1-Q3 2006 | 2006 | Last twelve months |
|--------------------------------|----------------|----------------|-----------------------|-----------------------|-------------|-------------------------------|
| Power Generation ¹⁾ | -1 | 4 | 194 | 18 | 30 | 206 |
| Heat | 4 | 2 | 16 | 16 | 23 | 23 |
| Distribution | 4 | 3 | 13 | 15 | 15 | 13 |
| Markets | -1 | 0 | 0 | 1 | 1 | 0 |
| Other | 0 | 1 | 0 | 1 | 0 | -1 |
| Total | 6 | 10 | 223 | 51 | 69 | 241 |

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

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES BY SEGMENTS

| MEUR | Sept 30 2007 | Sept 30 2006 | Dec 31 2006 |
|------------------|-------------------------|-------------------------|------------------------|
| Power Generation | 2 367 | 1 626 | 1 752 |
| Heat | 151 | 143 | 150 |
| Distribution | 229 | 216 | 287 |
| Markets | 8 | 8 | 8 |
| Other | 0 | 1 | 0 |
| Total | 2 755 | 1 994 | 2 197 |

CAPITAL EXPENDITURE BY SEGMENTS

| MEUR | Q3 2007 | Q3 2006 | Q1-Q3 2007 | Q1-Q3 2006 | 2006 |
|------------------|----------------|----------------|-----------------------|-----------------------|-------------|
| Power Generation | 21 | 21 | 61 | 62 | 95 |
| Heat | 80 | 58 | 189 | 110 | 184 |
| Distribution | 41 | 40 | 119 | 107 | 183 |
| Markets | 0 | 1 | 2 | 8 | 8 |
| Other | 4 | 3 | 11 | 10 | 15 |
| Total | 146 | 123 | 382 | 297 | 485 |

GROSS INVESTMENTS IN SHARES BY SEGMENTS

| MEUR | Q3 2007 | Q3 2006 | Q1-Q3 2007 | Q1-Q3 2006 | 2006 |
|------------------|----------------|----------------|-----------------------|-----------------------|-------------|
| Power Generation | 245 | 0 | 245 | 4 | 145 |
| Heat | 2 | 4 | 17 | 586 | 589 |
| Distribution | 0 | 0 | 0 | 130 | 130 |
| Markets | 0 | 0 | 0 | 6 | 6 |
| Other | 0 | 1 | 2 | 40 | 40 |
| Total | 247 | 5 | 264 | 766 | 910 |

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NET ASSETS BY SEGMENTS

| | Sept 30 | Sept 30 | Dec 31 |
|------------------------|----------------|---------|--------|
| MEUR | 2007 | 2006 | 2006 |
| Power Generation | 7 164 | 6 353 | 6 734 |
| Heat | 3 402 | 3 216 | 3 407 |
| Distribution | 3 296 | 3 216 | 3 412 |
| Markets | 157 | 248 | 176 |
| Other and Eliminations | 117 | 172 | 85 |
| Total | 14 136 | 13 205 | 13 814 |

RETURN ON NET ASSETS BY SEGMENTS

| | Last | Dec 31 |
|------------------|---------------|--------|
| % | twelve | 2006 |
| | months | |
| Power Generation | 18.7 | 16.1 |
| Heat | 9.4 | 9.6 |
| Distribution | 15.1 | 8.4 |
| Markets | -4.0 | -1.6 |

COMPARABLE RETURN ON NET ASSETS BY SEGMENTS

| | Last | Dec 31 |
|--------------------------------|---------------|--------|
| % | twelve | 2006 |
| | months | |
| Power Generation ¹⁾ | 15.4 | 16.1 |
| Heat | 8.6 | 9.2 |
| Distribution | 8.2 | 8.3 |
| Markets | -10.0 | -0.8 |

¹⁾ Excluding approximately EUR 180 million in relation to Hafslund's divestment of REC-shares included in the share of profits of associates and joint ventures.
Return on net assets is calculated by dividing the sum of operating profit and share of profit of associated companies and joint ventures with average net assets.
Average net assets are calculated using the opening balance and end of each quarter values.

ASSETS BY SEGMENTS

| | Sept 30 | Sept 30 | Dec 31 |
|--------------------------------------|----------------|---------|--------|
| MEUR | 2007 | 2006 | 2006 |
| Power Generation | 7 764 | 6 871 | 7 131 |
| Heat | 3 766 | 3 636 | 3 870 |
| Distribution | 3 745 | 3 698 | 3 911 |
| Markets | 468 | 711 | 618 |
| Other and Eliminations | 232 | 236 | 255 |
| Assets included in Net assets | 15 975 | 15 152 | 15 785 |
| Interest-bearing receivables | 738 | 672 | 693 |
| Deferred taxes | 3 | 27 | 5 |
| Other assets | 138 | 242 | 199 |
| Cash and cash equivalents | 815 | 811 | 157 |
| Total assets | 17 669 | 16 904 | 16 839 |

LIABILITIES BY SEGMENTS

| | Sept 30 | Sept 30 | Dec 31 |
|---|----------------|---------|--------|
| MEUR | 2007 | 2006 | 2006 |
| Power Generation | 600 | 518 | 397 |
| Heat | 364 | 420 | 463 |
| Distribution | 449 | 482 | 499 |
| Markets | 311 | 463 | 442 |
| Other and Eliminations | 115 | 64 | 170 |
| Liabilities included in Net assets | 1 839 | 1 947 | 1 971 |
| Deferred tax liabilities | 1 715 | 1 723 | 1 795 |
| Other | 351 | 1 018 | 410 |
| Total liabilities included in Capital employed | 3 905 | 4 688 | 4 176 |
| Interest-bearing liabilities | 5 271 | 4 970 | 4 502 |
| Total equity | 8 493 | 7 246 | 8 161 |
| Total equity and liabilities | 17 669 | 16 904 | 16 839 |

5. QUARTERLY PRIMARY SEGMENT INFORMATION

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

QUARTERLY SALES BY SEGMENTS

| | Q3 2007 | Q2 2007 | Q1 2007 | Q4 2006 | Q3 2006 | Q2 2006 | Q1 2006 |
|---------------------|------------|------------|--------------|--------------|------------|------------|--------------|
| MEUR | | | | | | | |
| Power Generation | 502 | 522 | 641 | 667 | 569 | 560 | 643 |
| - of which internal | 70 | 92 | 156 | 36 | -102 | -17 | -50 |
| Heat | 186 | 252 | 479 | 381 | 178 | 229 | 480 |
| - of which internal | 4 | 11 | 24 | -5 | -12 | -7 | -8 |
| Distribution | 166 | 172 | 225 | 210 | 162 | 162 | 219 |
| - of which internal | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Markets | 331 | 351 | 519 | 529 | 436 | 400 | 547 |
| - of which internal | 30 | 32 | 44 | 43 | 30 | 35 | 41 |
| Other | 19 | 22 | 19 | 19 | 19 | 20 | 20 |
| - of which internal | 17 | 19 | 16 | 16 | 16 | 15 | 15 |
| Eliminations | -344 | -360 | -543 | -552 | -418 | -423 | -566 |
| Total | 860 | 959 | 1 340 | 1 254 | 946 | 948 | 1 343 |

QUARTERLY OPERATING PROFIT BY SEGMENTS

| | Q3 2007 | Q2 2007 | Q1 2007 | Q4 2006 | Q3 2006 | Q2 2006 | Q1 2006 |
|------------------|------------|------------|------------|------------|------------|------------|------------|
| MEUR | | | | | | | |
| Power Generation | 220 | 244 | 298 | 290 | 184 | 222 | 284 |
| Heat | -2 | 33 | 142 | 119 | -15 | 41 | 119 |
| Distribution | 282 | 53 | 79 | 74 | 42 | 55 | 81 |
| Markets | 15 | 7 | -12 | -18 | 6 | 3 | 3 |
| Other | -5 | -10 | -17 | -10 | -1 | -9 | -15 |
| Total | 510 | 327 | 490 | 455 | 216 | 312 | 472 |

QUARTERLY COMPARABLE OPERATING PROFIT BY SEGMENTS

| | Q3 2007 | Q2 2007 | Q1 2007 | Q4 2006 | Q3 2006 | Q2 2006 | Q1 2006 |
|------------------|------------|------------|------------|------------|------------|------------|------------|
| MEUR | | | | | | | |
| Power Generation | 184 | 218 | 328 | 289 | 195 | 208 | 293 |
| Heat | -3 | 36 | 137 | 95 | -3 | 35 | 126 |
| Distribution | 50 | 53 | 78 | 77 | 39 | 53 | 81 |
| Markets | 11 | 3 | -14 | -8 | 2 | 2 | 0 |
| Other | -4 | -12 | -17 | -13 | -8 | -12 | -14 |
| Total | 238 | 298 | 512 | 440 | 225 | 286 | 486 |

QUARTERLY NON-RECURRING ITEMS BY SEGMENTS

| | Q3 2007 | Q2 2007 | Q1 2007 | Q4 2006 | Q3 2006 | Q2 2006 | Q1 2006 |
|------------------|------------|------------|------------|------------|------------|------------|------------|
| MEUR | | | | | | | |
| Power Generation | 0 | 2 | 0 | 22 | 1 | 6 | 0 |
| Heat | 0 | 1 | 0 | 16 | -1 | 4 | 1 |
| Distribution | 232 | -1 | 1 | -1 | 1 | 2 | 0 |
| Markets | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | -1 | 2 | 0 | 1 | 7 | 3 | -1 |
| Total | 232 | 4 | 1 | 38 | 8 | 15 | 0 |

QUARTERLY OTHER ITEMS EFFECTING COMPARABILITY

| | Q3 2007 | Q2 2007 | Q1 2007 | Q4 2006 | Q3 2006 | Q2 2006 | Q1 2006 |
|------------------|------------|------------|------------|------------|------------|------------|------------|
| MEUR | | | | | | | |
| Power Generation | 36 | 24 | -30 | -21 | -12 | 8 | -9 |
| Heat | 1 | -4 | 5 | 8 | -11 | 2 | -8 |
| Distribution | 0 | 1 | 0 | -2 | 2 | 0 | 0 |
| Markets | 3 | 4 | 2 | -10 | 4 | 1 | 3 |
| Other | 0 | 0 | 0 | 2 | 0 | 0 | 0 |
| Total | 40 | 25 | -23 | -23 | -17 | 11 | -14 |

6. FINANCIAL RISK MANAGEMENT

The Group has not made any significant change in policies regarding risk management during the period. Aspects of the Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial statements as at and for the year ended 31 December 2006.

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

DERIVATIVES

| MEUR | Sept 30 2007 | | Sept 30 2006 | | Dec 31 2006 | |
|---|---------------------------|---------------------------|-----------------------|---------------------------|-----------------------|---------------------------|
| | Notional value | Net fair value | Notional value | Net fair value | Notional value | Net fair value |
| Interest and currency derivatives | | | | | | |
| Interest rate swaps | 3 690 | -13 | 3 264 | 22 | 3 021 | 3 |
| Forward foreign exchange contracts | 4 220 | -17 | 4 603 | 16 | 5 256 | -61 |
| Forward rate agreements | 597 | - | - | - | - | - |
| Interest rate and currency swaps | 2 965 | -14 | 2 577 | -16 | 2 575 | -76 |
| Electricity derivatives | Volume | Net fair value | Volume | Net fair value | Volume | Net fair value |
| | TWh | MEUR | TWh | MEUR | TWh | MEUR |
| Sales swaps | 115 | -271 | 119 | -1 517 | 134 | 515 |
| Purchase swaps | 86 | 199 | 72 | 977 | 101 | -426 |
| Purchased options | 9 | -1 | 30 | 11 | 0 | 0 |
| Written options | 14 | 4 | 41 | -52 | 3 | 3 |
| Oil derivatives | Volume | Net fair value | Volume | Net fair value | Volume | Net fair value |
| | 1000 bbl | MEUR | 1000 bbl | MEUR | 1000 bbl | MEUR |
| Sales swaps and futures | 1 415 | -3 | 295 | 0 | 180 | 0 |
| Purchase swaps and futures | 947 | 6 | 448 | 2 | 897 | 0 |
| Coal derivatives | Volume | Net fair value | Volume | Net fair value | Volume | Net fair value |
| | kt | MEUR | kt | MEUR | kt | MEUR |
| Sold | 75 | -1 | - | - | - | - |
| Bought | 75 | 1 | - | - | - | - |
| CO2 emission allowance derivatives | Volume | Net fair value | Volume | Net fair value | Volume | Net fair value |
| | ktCO2 | MEUR | ktCO2 | MEUR | ktCO2 | MEUR |
| Sold | 4 700 | 0 | 622 | 3 | 405 | 0 |
| Bought | 4 755 | 0 | 610 | -4 | 418 | 0 |
| 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⁾ | 36 | 56 | 24 | 36 | 24 | 36 |

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

7. ACQUISITIONS AND DISPOSALS

No acquisitions or disposals which have a material effect on Fortum's income statement and balance sheet has been made during 2007. Gross investment in subsidiary shares (see definition of key figures) amounted to EUR 17 million.

Fortum acquired in the beginning of July 100% of the shares in EC Wojkowice. The acquired company in Poland concentrates on district heating production and sales in three cities. The company also sells electricity. The annual heat sales is around 64 GWh and electricity sales 320 MWh. The number of employees is 34.

Fortum acquired in January 2007 100% of the shares in Vattenfall Estonia AS and Vattenfall Latvia SIA from Vattenfall. The acquired company in Estonia provides district heat and natural gas in the city of Pärnu. Its district heat network is the fourth biggest in Estonia. The annual heat sales is 190 GWh, sales EUR 5.4 million and number of employees 58. The district heat business in Pärnu will be integrated to the current countrywide heat operations of Fortum Termost AS.

The acquired company in Latvia provides heat to Riga airport. The annual heat sales are around 12 GWh and sales around EUR 0.5 million. The acquisition provides a platform for Fortum to Latvian heat market.

Fortum has also acquired additional shares in its subsidiaries in Poland, Fortum Czestochowa SA 11.08% (total ownership 98.68%), Fortum Wroclaw 0.91% (total ownership of 99.16%), Fortum Plock SA 0.91% (total ownership of 98.66%) and Fortum DZT SA 0.19 % (total ownership 99.48%).

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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:

| | Sept 30 2007 | June 30 2007 | March 31 2007 | Dec 31 2006 | Sept 30 2006 | June 30 2006 | March 31 2006 |
|--------------------------------|-----------------|-----------------|------------------|----------------|-----------------|-----------------|------------------|
| Average rate | | | | | | | |
| Sweden (SEK) | 9.2185 | 9.2020 | 9.1787 | 9.2637 | 9.3110 | 9.3329 | 9.3798 |
| Norway (NOK) | 8.0466 | 8.1205 | 8.1563 | 8.0376 | 7.9753 | 7.9396 | 8.0171 |
| Poland (PLN) | 3.8285 | 3.8439 | 3.8858 | 3.8965 | 3.9139 | 3.8991 | 3.8569 |
| | Sept 30 | June 30 | March 31 | Dec 31 | Sept 30 | June 30 | March 31 |
| Balance sheet date rate | 2007 | 2007 | 2007 | 2006 | 2006 | 2006 | 2006 |
| Sweden (SEK) | 9.2147 | 9.2525 | 9.3462 | 9.0404 | 9.2797 | 9.2385 | 9.4315 |
| Norway (NOK) | 7.7185 | 7.9725 | 8.1190 | 8.2380 | 8.2350 | 7.9360 | 7.9675 |
| Poland (PLN) | 3.7730 | 3.7677 | 3.8668 | 3.8310 | 3.9713 | 4.0546 | 3.9425 |

9. INCOME TAX EXPENSE

Tax rate according to the income statement for the period January to September 2007 was 15.2% (22.0%). The tax rate for the period is low mainly due to the impact of Hafslund's sale of REC shares in March 2007 which impacted the share of profits from associates for the period with approximately EUR 180 million and the capital gain, EUR 232 million, from sale of JSC Lenenergo shares in August 2007. 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-Q3 2007 | Q1-Q3 2006 | 2006 |
|---|---------------|---------------|---------|
| Earnings (MEUR): | | | |
| Profit attributable to the equity holders of the Company (EUR million) | 1 184 | 733 | 1 071 |
| Number of shares (thousands): | | | |
| Weighted average number of shares for the purpose of basic earnings per share | 890 984 | 880 695 | 881 194 |
| Effect of dilutive share options | 1 831 | 10 522 | 5 735 |
| Weighted average number of shares for the purpose of diluted earnings per share | 892 815 | 891 217 | 886 929 |

11. DIVIDEND PER SHARE

The annual general meeting on 28 March 2007 decided to distribute a dividend of EUR 1.26 per share to the shareholders of which EUR 0.73 per share is in accordance with the Group's dividend policy. An additional dividend of EUR 0.53 per share was decided to steer Fortum's capital structure towards agreed target. The total dividend amounts to EUR 1,122 million based on the amount of shares registered as of 2 April 2007. The dividend was paid on 11 April 2007.

In 2006 the total dividend amounted to EUR 1.12 per share of which EUR 0.54 per share was attributable to the profit from discontinued operations. The total dividend amounted to EUR 987 million and the dividend was paid on 28 March 2006.

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

| MEUR | Sept 30 2007 | Sept 30 2006 | Dec 31 2006 |
|--|-----------------|-----------------|----------------|
| Opening balance | 11 567 | 10 256 | 10 256 |
| Acquisition of subsidiary companies | 16 | 1 008 | 1 008 |
| Capital expenditures | 382 | 297 | 485 |
| Changes of nuclear asset retirement obligation | 23 | 16 | 14 |
| Changes of emission rights | -9 | - | 9 |
| Disposals | -10 | -10 | -78 |
| Depreciation, amortisation and impairment | -336 | -311 | -429 |
| Translation differences | -150 | 87 | 302 |
| Closing balance | 11 483 | 11 343 | 11 567 |

13. CHANGES IN INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

| MEUR | Sept 30 2007 | Sept 30 2006 | Dec 31 2006 |
|---|-------------------------|-----------------|----------------|
| Opening balance | 2 197 | 1 610 | 1 610 |
| Share of profits of associates and joint ventures | 223 | 51 | 69 |
| Investments | 0 | 1 | 124 |
| New share issues and shareholders' contributions | 245 | 0 | 0 |
| Divestments | -68 | -5 | -5 |
| Dividend income received | -174 | -38 | -39 |
| Fair value and other changes in equity | 332 | 375 | 438 |
| Closing balance | 2 755 | 1 994 | 2 197 |

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 since Hafslund's interim reports are published later than Fortum's interim reports. Hafslund will publish January-September 2007 results on 26 October 2007.

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 when Hafslund divests shares in REC, the cumulative fair value change effects Fortum's income statement.

Since REC has been 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.

Hafslund sold 35 million shares in REC in March 2007. In accordance with the accounting policy Fortum recognised approximately EUR 180 million in relation to Hafslund's divestment of REC shares as a part of the share of profits from associates and joint ventures in Q1 2007. The cumulative fair value change in Fortum's equity based on the remaining number of shares reported by Hafslund was approximately EUR 730 million at 30 September 2007.

Share issue in TGC-1

In September Fortum participated in the share issue of Russian Territorial Generating Company 1 (TGC-1) subscribing to 243,691,499,640 new shares in the company. At 0.035 rubles per share, the total value of Fortum's subscription was approximately 8.5 billion rubles or EUR 243 million. With this subscription, Fortum maintained its 25.4% stake in TGC-1 and its position as the second largest shareholder of the company.

Dividends received

Fortum has received a total of EUR 174 million in dividend income from associated companies, of which the dividend from Hafslund represents EUR 145 million.

Divestment of JSC Lenenergo

In August Fortum sold its slightly over 1/3 stake in JSC Lenenergo for approximately EUR 295 million. The buyers were VTB Bank, I.D.E. Electricity Distribution Investments 1 Ltd and the Russian energy company RAO UES. As a consequence, Fortum has booked an after tax gain of EUR 232 million. The sales gain is presented in Other income.

14. SHARE CAPITAL

| MEUR | Number of shares | Share capital | Share issue |
|--|---------------------|------------------|-------------|
| Registered shares at 1 January 2007 | 887 393 646 | 3 023 | - |
| Shares subscribed with options | 4 725 280 | 16 | - |
| Registered shares at 30 Sept 2007 | 892 118 926 | 3 039 | - |
| Unregistered shares | - | | |

| MEUR | Number of shares | Share capital | Share issue |
|-------------------------------------|---------------------|------------------|-------------|
| Registered shares at 1 January 2006 | 875 294 025 | 2 976 | - |
| Shares subscribed with options | 7 980 000 | 27 | - |
| Registered shares at 30 Sept 2006 | 883 274 025 | 3 003 | - |
| Unregistered shares | - | | |

15. INTEREST-BEARING LIABILITIES

During the third quarter 2007, the parent company repaid all the remaining short term debt that was under Swedish and Finnish Commercial paper programs. The amount of repayments was approximately EUR 230 million. The repayment was financed by using own liquidity. No major new financing transactions was made in the Group during the third quarter.

16. NUCLEAR RELATED ASSETS AND LIABILITIES

| MEUR | Sept 30 2007 | Sept 30 2006 | Dec 31 2006 |
|---|-----------------|-----------------|----------------|
| Carrying values in the balance sheet: | | | |
| Nuclear provisions | 510 | 446 | 450 |
| Share in the State Nuclear Waste Management Fund | 510 | 446 | 450 |
| Legal liability and actual share of the State Nuclear Waste Management Fund: | | | |
| Liability for nuclear waste management according to the Nuclear Energy Act (without proposed change, see below) | 685 | 618 | 685 |
| Fortum's share of the State Nuclear Waste Management Fund | 649 | 618 | 636 |

Fortum has submitted the yearly proposal for the nuclear waste management liability regarding the Loviisa nuclear power plant to the Ministry of Trade and Industry. The liability is calculated according to the Nuclear Energy Act and will be decided by Ministry of Trade and Industry by the end of January 2008. The proposal is based on an updated cost estimate, which is done every year, and on a new technical plan, which is made every third year. Based on the new plan, the future costs are estimated to increase mainly due to the new technical solution related to filling material for the tunnels in the final repository.

According to the Nuclear Energy Act, Fortum is obligated to contribute the funds in full to the State Nuclear Waste Management Fund to cover the legal liability. Fortum has applied for periodising of the payments to the Fund, due to the proposed increase in the legal liability, over six years based on the law. The application will be decided by Council of State latest January 2008.

Fortum's accounting in the Q3 interim report 2007 is based on that both the proposal for legal liability and the proposal for periodisation of payments to the Fund will be approved.

The legal liability at the end of 2007, based on the proposal to the Ministry of Trade and Industry and calculated according to the Nuclear Energy Act in Finland, is EUR 816 million. The carrying value of the nuclear provision in the balance sheet, calculated according to IAS 37, have increased with EUR 52 million compared to 30 June 2007, totalling EUR 510 million as of 30 September 2007. The increase of the provision has caused a negative one-time effect of EUR 13 million in comparable operating profit in Q3 2007 due to higher nuclear waste management costs related to already spent fuel. 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.

The proposal to the Council of State for periodisation of the payments to the State Nuclear Waste Management Fund has an impact on cash-flow, but also on operating profit since the carrying value of the Fund cannot exceed the carrying value of the nuclear provision according to IFRIC Interpretation 5. The Fund is from an IFRS perspective overfunded with EUR 139 million, since Fortum's share of the Fund as of 30 September 2007 is EUR 649 million and the carrying value in the balance sheet is EUR 510 million.

Operating profit for the nine months ending 30 September 2007 includes a positive cumulative adjustment of EUR 24 (5) million, due to the increase of the carrying value of the Fund in the balance sheet as a result of the increased provision. The positive effect on Q3 2007 is EUR 33 (-2) million. This adjustment is included in "Other items effecting comparability" in the Power Generation segment, see Note 4 Primary segment information, and is not included in comparable operating profit. As long as the Fund stays overfunded from an IFRS perspective, positive accounting effects to Operating profit will always occur when the nuclear provision is increasing more than the net payments to the Fund. Negative accounting effects will occur when the net payments to the Fund are higher than the increase of the provision.

The existing funding target for 2007, EUR 649 million, has been fully contributed to the Fund as of 30 September 2007. The difference between the legal liability at year end 2006 and the funding target for 2007, EUR 36 million, is covered by a security which has been given in the end of June 2007.

17. PLEDGED ASSETS

| MEUR | Sept 30 2007 | Sept 30 2006 | Dec 31 2006 |
|---|-----------------|-----------------|----------------|
| On own behalf | | | |
| For debt | | | |
| Pledges | 219 | 188 | 176 |
| Real estate mortgages | 141 | 49 | 49 |
| For other commitments | | | |
| Real estate mortgages | 103 | 59 | 56 |
| On behalf of associated companies and joint ventures | | | |
| Pledges and real estate mortgages | 3 | 3 | 3 |

Finnish participants in the State Nuclear Waste Management Fund are allowed to borrow from the Fund. In Q1 2007 Fortum increased the reborrowing from the Fund and therefore pledged additional Kemijoki shares as a security. The total amount of shares pledged have a carrying value of EUR 145 million (102 million) as of 30 September 2007 (and 31 December 2006 respectively).

In Q2 2007 Fortum increased the real estate mortgages in Naantali and Inkoo power plants in Finland, total value of EUR 102 million (56 million) as of 30 September 2007, given as a security to the State Nuclear Waste Management Fund for the uncovered part of the legal liability and unexpected events. See also Note 16.

In Q3 2007 Fortum Tartu in Estonia (60% owned by Fortum) has given real estate mortgages for a value of EUR 95 million as a security for an external loan.

18. COMMITMENTS

| MEUR | Sept 30 2007 | Sept 30 2006 | Dec 31 2006 |
|--|-----------------|-----------------|----------------|
| Operating lease commitments | | | |
| Due within a year | 20 | 18 | 20 |
| Due after one year and within five years | 29 | 37 | 38 |
| Due after five years | 71 | 83 | 78 |
| Total | 120 | 138 | 136 |

Capital commitments for the purchase of property, plant and equipment and intangible assets amounts to EUR 427 million as at 30 September 2007 (EUR 266 million at year end 2006).

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19. CONTINGENT LIABILITIES

| MEUR | Sept 30 2007 | Sept 30 2006 | Dec 31 2006 |
|--|-------------------------|-----------------|----------------|
| On own behalf | | | |
| Other contingent liabilities | 224 | 142 | 144 |
| On behalf of associated companies and joint ventures | | | |
| Guarantees | 239 | 208 | 213 |
| Other contingent liabilities | 125 | 125 | 125 |
| On behalf of others | | | |
| Guarantees | 13 | 18 | 12 |
| Other contingent liabilities | 1 | 1 | 1 |

Further information on contingent liabilities can be found in Note 42 of the annual financial statements for the year ended 31 December 2006.

Other contingent liabilities, EUR 224 million, have increased with EUR 80 million since 31 December 2006. The main reason for the increase is guarantees given to suppliers for the new CHP plant being built in Czestochowa in Poland.

The Swedish Energy Market Authority, Energimyndigheten, announced on 10 April 2007 the decision concerning pricing at two electricity distribution areas of Fortum in 2003. According to the decision Fortum would have to return about SEK 250 million of the collected distribution charges. The authority has previously published respective decisions for 13 distribution companies. Fortum has appealed against the decision to the County Administrative Court, because the theoretical grid model the authority applies as its basis does not correspond to the actual circumstances. All the other distribution companies that got the decision have also appealed. The decisions will not be efficient until the appeal processes have been finished. No provision or contingent liability in relation to this decision has been recognised.

20. RELATED PARTY TRANSACTIONS

Related party transactions are described in the annual financial statements as of the year ended 31 December 2006. No material changes have occurred during the period.

The Finnish State owned 50.82% of the shares in Fortum 31 December 2006. At 30 September 2007 the Finnish State ownership has changed to 50.55% due to the diluting effect of the shares subscribed with options during the period.

ASSOCIATED COMPANY TRANSACTIONS

| MEUR | Sept 30 2007 | Sept 30 2006 | Dec 31 2006 |
|---|-------------------------|-----------------|----------------|
| Sales to associated companies | 99 | 83 | 101 |
| Interest on associated company loan receivables | 19 | 15 | 20 |
| Purchases from associated companies | 372 | 345 | 487 |

ASSOCIATED COMPANY BALANCES

| MEUR | Sept 30 2007 | Sept 30 2006 | Dec 31 2006 |
|---|-------------------------|-----------------|----------------|
| Long-term interest-bearing loan receivables | 629 | 555 | 575 |
| Trade receivables | 11 | 18 | 28 |
| Other receivables | 6 | 5 | 7 |
| Long-term loan payables | 172 | 164 | 164 |
| Trade payables | 8 | -4 | 12 |
| Other payables | 20 | 18 | 23 |

TRANSACTIONS AND BALANCES WITH JOINT VENTURES

Transactions and balances with joint ventures as at and for the period ended 30 September 2007 are not material for the Group.

21. EVENTS AFTER THE BALANCE SHEET DATE

In October 2007, Fortum sold its approximately 0.7% holding in the Russian Wholesale Generating Company 5 (WGC-5).

22. DEFINITION OF KEY FIGURES

| | | | |
|---|---|---|-------|
| EBITDA (Earnings before interest, taxes, depreciation and amortisation) | = | Operating profit + Depreciation, amortisation and impairment charges | |
| Comparable operating profit | = | Operating profit - non-recurring items - other items effecting comparability | |
| Non-recurring items | = | Mainly capital gains and losses | |
| Other items effecting comparability | = | Includes effects from financial derivatives hedging future cash-flows where hedge accounting is not applied according to IAS 39 and effects from the accounting of Fortum's part of the Finnish Nuclear Waste Fund where the asset in the balance sheet cannot exceed the related liabilities according to IFRIC interpretation 5. | |
| Funds from operations (FFO) | = | Net cash from operating activities before change in working capital | |
| Gross investments in shares | = | Investments in subsidiary shares, shares in associated companies and other shares in available for sale financial assets. Investments in subsidiary shares are net of cash and grossed with interest-bearing liabilities in the acquired company. | |
| Return on shareholders' equity, % | = | $\frac{\text{Profit for the year}}{\text{Total equity average}}$ | x 100 |
| Return on capital employed, % | = | $\frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Capital employed average}}$ | x 100 |
| Return on net assets, % | = | $\frac{\text{Operating profit + Share of profit (loss) in associated companies and joint ventures}}{\text{Net assets average}}$ | x 100 |
| Comparable return on net assets, % | = | $\frac{\text{Comparable operating profit + Share of profit (loss) in associated companies and joint ventures (adjusted for IAS 39 effects and major sales gains or losses)}}{\text{Comparable net assets average}}$ | x 100 |
| Capital employed | = | Total assets - non-interest bearing liabilities - deferred tax liabilities - provisions | |
| Net assets | = | Non-interest bearing assets + interest-bearing assets related to the Nuclear Waste Fund - non-interest bearing liabilities - provisions (non-interest bearing assets and liabilities do not include finance related items, tax and deferred tax and assets and liabilities from fair valuations of derivatives where hedge accounting is applied) | |
| Comparable net assets | = | Net assets adjusted for non-interest bearing assets and liabilities arising from financial derivatives hedging future cash-flows where hedge accounting is not applied according to IAS 39 | |
| Interest-bearing net debt | = | Interest-bearing liabilities - cash and cash equivalents | |
| Gearing, % | = | $\frac{\text{Interest-bearing net debt}}{\text{Total equity}}$ | x 100 |
| Equity-to-assets ratio, % | = | $\frac{\text{Total equity including minority interest}}{\text{Total assets}}$ | x 100 |
| Net debt / EBITDA | = | $\frac{\text{Interest-bearing net debt}}{\text{Operating profit + Depreciation, amortisation and impairment charges}}$ | |
| Interest coverage | = | $\frac{\text{Operating profit}}{\text{Net interest expenses}}$ | |
| Earnings per share (EPS) | = | $\frac{\text{Profit for the period - minority interest}}{\text{Average number of shares during the period}}$ | |
| Equity per share, EUR | = | $\frac{\text{Shareholder's equity}}{\text{Number of shares excluding treasury shares at the end of the period}}$ | |
| Last twelve months | = | Twelve months preceding the reporting date | |