Fortum Corporation
Interim Report
January-September 2008

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Good results continue

Strong performance in Power Generation

- Comparable operating profit EUR 1,337 (1,048) million, +28%
- Earnings per share EUR 1.10 (EUR 0.87 excluding one-off items of EUR 0.46 last year), +26%
- Strong cash flow from operating activities EUR 1,440 (1,325) million
- Strong balance sheet and liquidity position
- Good hedging positions

Key figures	**III/08**	**III/07**	**I-III/08**	**I-III/07**	**2007**	**LTM**
Sales, EUR million	1,272	860	4,034	3,159	4,479	5,354
Operating profit, EUR million	395	510	1,352	1,327	1,847	1,872
Comparable operating profit, EUR million	353	238	1,337	1,048	1,564	1,853
Profit before taxes, EUR million	337	471	1,245	1,433	1,934	1,746
Earnings per share, EUR	0.32	0.48	1.10	1.33	1.74	1.52
Net cash from operating activities, EUR million	401	255	1,440	1,325	1,670	1785
Shareholders' equity per share, EUR			8.49	9.21	9.43	
Interest-bearing net debt (at end of period), EUR million			6,520	4,456	4,466	
Average number of shares, 1,000s			887,241	890,984	889,997	

Key financial ratios	**2007**	**LTM**	**2007***
Return on capital employed, %	16.5	14.1	14.0
Return on shareholders' equity, %	19.1	16.7	15.8
Net debt/EBITDA	1.9	2.8	2.2

*Adjusted for REC and Lenenergo gains

Fortum's January-September comparable operating profit improved significantly from a year ago, driven by better results in the Power Generation segment. Fortum's consistent hedging strategy, higher average Nord Pool spot prices and higher hydro power volumes contributed to the improvement. Fortum Power Generation's achieved Nordic sales price was supported by exceptionally high Finnish and Swedish area price differences relative to the Nord Pool system price average.

Fortum's profit before taxes and earnings per share in the first nine months of the year were lower than a year ago. This is due to the non-recurring gains of EUR 180 million (Hafslund's sale of REC shares) and 232 million (sale of Lenenergo shares) corresponding to EUR 0.46 per share, booked in Fortum's first- and third-quarter results 2007.

Fortum's net cash from operating activities remained strong at EUR 1,440 (1,325) million.

Liquidity remained strong with liquid funds amounting to EUR 1,179 million. Undrawn committed credit facilities were EUR 2.4 billion at the end of the third quarter. In October, Fortum drew EUR 500 million from its committed credit facilities, which will cover all outstanding debt (EUR 468 million) maturing in 2008.

Fortum filed the mandatory public tender offer (MTO) to TGC-10 minorities in April. At the end of September, Fortum's ownership in TGC-10 was over 93%. Fortum had by that time paid approximately EUR 440 million for share purchases under the MTO. Clearing of the share transactions is still ongoing and the final results of the MTO will be known and published at the latest at the end of October 2008.

In the third quarter, the Power Generation segment's achieved Nordic power price was EUR 57.0 (39.9) per megawatt-hour (MWh), up by 43% from the previous year and higher than the average spot price of electricity in Nord Pool, the Nordic power exchange. The average system spot price of electricity in Nord Pool was EUR 55.4 (19.7) per MWh.

Financial results

July - September

Group sales were EUR 1,272 (860) million. Group operating profit totalled EUR 395 (510) million. Fortum's operating profit in the third quarter 2007 included EUR 232 million sales gain from Lenenergo shares. Comparable operating profit increased to EUR 353 (238) million, driven by the improvement in Power Generation.

Sales by segment

EUR million	III/08	III/07	I-III/08	I-III/07	2007	LTM
Power Generation	718	502	2,156	1,665	2,350	2,841
Heat	226	186	1,003	917	1,356	1,442
Distribution	171	166	583	563	769	789
Markets	461	331	1,391	1,201	1,683	1,873
Russia	140	-	292	-	-	292
Other	21	19	62	60	81	83
Netting of Nord Pool transactions	-465	-221	-1,260	-726	-1,163	-1,697
Eliminations	0	-123	-193	-521	-597	-269
Total	1,272	860	4,034	3,159	4,479	5,354

Comparable operating profit by segment

EUR million	III/08	III/07	I-III/08	I-III/07	2007	LTM
Power Generation	371	185	1,150	732	1,095	1,513
Heat	-7	-3	141	170	290	261
Distribution	49	51	185	181	231	235
Markets	-8	11	-33	0	-1	-34
Russia	-39	-	-72	-	-	-72
Other	-13	-6	-34	-35	-51	-50
Total	353	238	1,337	1,048	1,564	1,853

Operating profit by segment

EUR million	III/08	III/07	I-III/08	I-III/07	2007	LTM
Power Generation	438	221	1,129	764	1,115	1,480
Heat	-15	-2	152	173	294	273
Distribution	50	50	187	182	233	238
Markets	-17	15	-6	10	12	-4
Russia	-39	232	-72	232	244	-60
Other	-22	-6	-38	-34	-51	-55
Total	395	510	1,352	1,327	1,847	1,872

<u>January-September</u>

Group sales were EUR 4,034 (3,159) million. Group operating profit totalled EUR 1,352 (1,327) million. Comparable operating profit increased to EUR 1,337 (1,048) million.

Profit before taxes was EUR 1,245 (1,433) million.

The Group's net financial expenses increased to EUR 185 (117) million. The increase is attributable to a higher average level of debt and higher short-term interest rates. The change in fair value of derivatives was EUR 5 (4) million.

Hafslund ASA 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 fair value booked in Fortum's equity and based on the number of shares reported by Hafslund ASA was EUR 266 million at the end of September 2008.

Minority interests accounted for EUR 10 (31) million. The minority interests are mainly attributable to Fortum Värme Holding AB, in which the City of Stockholm has a 50% economic interest.

Taxes for the period totalled EUR 256 (218) million. The tax rate according to the income statement was 20.6% (15.2%). The tax rate in the first nine months of 2007 was lowered by the non-taxable gains from Hafslund’s sale of REC shares and from the sale of Lenenergo shares.

The profit for the period was EUR 979 (1,184) million. Fortum's earnings per share were EUR 1.10 (1.33).

Return on capital employed was 14.1% for the last twelve months (16.5% at year-end 2007), and return on shareholders' equity was 16.7 % for the last twelve months (19.1% at year-end 2007).

Market conditions

According to preliminary statistics, the Nordic countries consumed 82 (84) TWh of electricity during the third quarter of the year. During the first nine months of the year, the Nordic countries consumed about 288 (289) TWh.

Year 2008 started with the Nordic water reservoirs being 9 TWh above the long-term average until late August. At the end of September, the Nordic water reservoirs were 6 TWh below the long-term average and 14 TWh below the corresponding level last year.

During the third quarter, the average system spot price for power in Nord Pool was EUR 55.4 (19.7) per MWh or 181% higher than in the corresponding period in 2007. The Nord Pool spot price was higher mainly due to higher fuel and CO_2 prices. During the third quarter, the Finnish and Swedish area prices continued to be above the system price levels, being EUR 65.8 (27.1) per MWh in Finland and EUR 65.9 (27.1) per MWh in Sweden. This was mainly due to malfunctions in transmission connections, for example between Sweden and Norway.

During the third quarter, the average market price of CO_2 emission allowances (EUA) for 2008 was EUR 24.5 per tonne CO_2. In 2007, the corresponding price for CO_2 emission allowances for 2007 was EUR 0.1 per tonne CO_2. Coal and oil prices decreased during the third quarter of 2008.

In Germany, the average spot price for the third quarter was EUR 73.2 (31.0) per MWh, being higher than in the Nordic area. This resulted in a net export from the Nordic area to Germany.

According to preliminary statistics, the electricity consumption in Russia increased by above 5% in the first nine months of 2008 compared to the first nine months of 2007.

Total power and heat generation figures

Fortum's total power generation during January-September 2008 was 46.7 (38.0) TWh, of which 38.7 (37.2) TWh was in the Nordic countries, representing 13% (13%) of the total Nordic electricity consumption. Fortum's total heat generation during January-September 2008 was 24.8 (17.9) TWh, of which 14.7 (15.1) TWh was in the Nordic countries. The increase in the power and heat generation volumes is mainly due to the inclusion of TGC-10, consolidated from the beginning of April.

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

Fortum's total power and heat generation in Europe, TWh	**III/08**	**III/07**	**I-III/08**	**I-III/07**	**2007**	**LTM**
Power generation	10.9	10.4	39.5	38.0	52.2	53.7
Heat generation	3.7	3.5	17.6	17.9	26.1	25.8

Fortum's total power and heat generation in Russia, TWh	**III/08**	**III/07**	**I-III/08**	**I-III/07**	**2007**	**LTM**
Power generation	3.4	-	7.2	-	-	7.2
Heat generation	2.8	-	7.2	-	-	7.2

Fortum's own power generation by source, TWh, total in the Nordic countries	**III/08**	**III/07**	**I-III/08**	**I-III/07**	**2007**	**LTM**
Hydropower	4.5	3.9	16.9	15.3	20.0	21.6
Nuclear power	5.4	5.4	18.4	18.2	24.9	25.1
Thermal power	0.8	0.8	3.4	3.7	6.2	5.9
Total	10.7	10.1	38.7	37.2	51.1	52.6

Fortum's own power generation by source, %, total in the Nordic countries	**III/08**	**III/07**	**I-III/08**	**I-III/07**	**2007**	**LTM**
Hydropower	42	39	44	41	39	41
Nuclear power	50	53	47	49	49	48
Thermal power	8	8	9	10	12	11
Total	100	100	100	100	100	100

Total power and heat sales figures

Fortum's total power sales during January-September 2008 were 54.2 (43.8) TWh, of which 44.2 (42.9) TWh were in the Nordic countries. This represents approximately 15% (15%) of Nordic electricity consumption during January-September 2008. Fortum's total heat sales during January-September 2008 were 25.2 (18.2) TWh, of which 13.9 (13.9) TWh were in the Nordic countries.

Fortum's total electricity* and heat sales in Europe, EUR million	**III/08**	**III/07**	**I-III/08**	**I-III/07**	**2007**	**LTM**
Electricity sales	725	483	2,188	1,673	2,370	2,885
Heat sales	173	154	792	744	1,096	1,144

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

Fortum's total electricity and heat sales in Russia, EUR million	**III/08**	**III/07**	**I-III/08**	**I-III/07**	**2007**	**LTM**
Electricity sales	112	-	217	-	-	217
Heat sales	23	-	66	-	-	66

Fortum's total electricity sales* by area, TWh	**III/08**	**III/07**	**I-III/08**	**I-III/07**	**2007**	**LTM**
Sweden	6.1	5.4	21.8	20.7	27.6	28.7
Finland	6.0	6.1	21.0	20.9	29.0	29.1
Russia	4.4	-	9.2	-	-	9.2
Other countries	0.7	0.6	2.2	2.2	3.1	3.1
Total	17.2	12.1	54.2	43.8	59.7	70.1

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

Fortum's total heat sales by area, TWh	III/08	III/07	I-III/08	I-III/07	2007	LTM
Sweden	1.1	0.9	6.1	6.1	9.2	9.2
Finland	1.7	1.7	7.7	7.7	11.1	11.1
Russia	2.4	-	6.7	-	-	6.7
Poland	0.2	0.2	2.3	2.1	3.5	3.7
Other countries**	0.6	0.7	2.4	2.3	3.3	3.4
Total	6.0	3.5	25.2	18.2	27.1	34.1

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

Fortum's emissions subject to EU's trading scheme

During the first nine months of 2008, approximately 92% (92%) of the power generated by Fortum within the EU countries was CO_2-free.

Fortum's total CO_2 emissions subject to the EU's emissions trading scheme (ETS) in the first nine months of the year amounted to 4.5 million tonnes of CO_2. Fortum's average CO_2 emissions subject to the ETS were approximately 8.7 million tonnes per year during 2005-2007.

Fortum's total annual CO_2 allowance allocation for its power and heat plants is approximately 6.1 million tonnes per year during 2008-2012. In Finland, Fortum's CO_2 allocation is approximately 4.1 million tonnes of CO_2 per annum, representing 11% of the Finnish national allocation. In Sweden, Fortum's free CO_2 allocation is approximately 0.2 million tonnes of CO_2 per annum, representing 0.7% of the Swedish national allocation.

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/08	III/07	I-III/08	I-III/07	2007	LTM
Sales	718	502	2,156	1,665	2,350	2,841
- power sales	644	426	1,928	1,433	2,019	2,514
- other sales	74	76	228	232	331	327
Operating profit	438	221	1,129	764	1,115	1,480
Comparable operating profit	371	185	1,150	732	1,095	1,513
Net assets (at period-end)			5,396	5,659	5,599	
Return on net assets, %					19.2	26.3
Comparable return on net assets, %					18.9	27.1
Gross investments	35	21	85	61	145	169
Number of employees			3,564	3,524	3,511	

The segment's power generation during the third quarter amounted to 10.0 (9.5) TWh in the Nordic countries.

In January-September, the segment's power generation in the Nordic countries was 35.5 (33.9) TWh. In January-September, approximately 98% (97%) of the segment's power generation was CO_2-free.

Nordic power generation by source, TWh	**III/08**	**III/07**	**I-III/08**	**I-III/07**	**2007**	**LTM**
Hydropower	4.5	3.9	16.9	15.3	20.0	21.6
Nuclear power	5.4	5.4	18.4	18.2	24.9	25.1
Thermal power	0.1	0.2	0.2	0.4	1.2	1.0
Total	10.0	9.5	35.5	33.9	46.1	47.7

Power generation by area, TWh	**III/08**	**III/07**	**I-III/08**	**I-III/07**	**2007**	**LTM**
Sweden	5.9	5.1	20.7	19.5	26.0	27.2
Finland	4.2	4.4	14.8	14.4	20.1	20.5
Other countries	0.1	0.3	0.7	0.8	1.1	1.0
Total	10.2	9.8	36.2	34.7	47.2	48.7

Nordic sales volume, TWh	11.4	11.0	39.3	38.1	51.8	53.0
of which pass-through sales	0.8	1.4	2.9	4.2	5.2	3.9

Sales price, EUR/MWh	**III/08**	**III/07**	**I-III/08**	**I-III/07**	**2007**	**LTM**
Generation's Nordic power price*	57.0	39.9	49.3	38.4	39.7	47.7

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

During the third quarter, the average system spot price in Nord Pool was EUR 55.4 per MWh, with the Finnish area price being EUR 65.8 per MWh and the Swedish area price being EUR 65.9 per MWh. In the third quarter, Generation's achieved Nordic power price was EUR 57.0 per MWh, up by 43% from a year ago. Generation's sales volume without pass-though items was 10.6 (9.6) TWh in the period.

During January-September 2008, the average system spot price in Nord Pool was EUR 42.7 per MWh, with the Finnish and Swedish area prices being on average EUR 50.6 per MWh. Generation's achieved Nordic power price was EUR 49.3 per MWh, up by 28% from a year ago.

The comparable operating profit of the Power Generation segment was clearly higher in the third quarter than in the corresponding period last year. The improvement was mainly due to a higher achieved Nordic power price. The achieved price was supported by exceptionally high Finnish and Swedish area price differences relative to Nord Pool system price average. In addition, higher hydro power generation contributed positively to the operating profit. The positive effects were partly offset by the higher nuclear capacity tax and property taxes in Sweden compared to the previous year.

In January-September 2008, the comparable operating profit of the Power Generation segment was higher than last year, as was the segment's achieved Nordic power price. Hydro and nuclear power generation volumes increased. The positive effects were partly offset by the higher nuclear capacity tax and property taxes in Sweden.

The annual refuelling outages were conducted at Loviisa nuclear power plant in August-October. For unit 1 the outage in August-September included an extensive annual inspection and maintenance, which is performed every four years. The annual outage at the Loviisa unit 1 lasted 12 days longer than originally planned. Unit 2 had a short annual maintenance procedure where, in addition to normal maintenance tasks and refuelling, the most significant tasks were the inspection of the steam generators. The annual outage at unit 2 was finished on 13 October 2008.

Heat

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

EUR million	III/08	III/07	I-III/08	I-III/07	2007	LTM
Sales	226	186	1,003	917	1,356	1,442
- heat sales	165	142	766	712	1,053	1,107
- power sales	33	23	152	133	202	221
- other sales	28	21	85	72	101	114
Operating profit	-15	-2	152	173	294	273
Comparable operating profit	-7	-3	141	170	290	261
Net assets (at period-end)			3,595	3,402	3,507	
Return on net assets, %					9.3	8.2
Comparable return on net assets, %					9.2	7.5
Gross investments	96	82	287	206	327	408
Number of employees			2,486	2,277	2,279	

The segment's heat sales during the third quarter amounted to 3.1 (3.0) TWh, most of which was generated in the Nordic countries. During the same period, power sales from CHP production totalled 0.7 (0.6) TWh.

The segment's heat sales during January-September 2008 amounted to 17.0 (16.8) TWh, most of which was generated in the Nordic countries. During the same period, power sales from CHP production totalled 3.3 (3.3) TWh. Low temperatures in the first quarter of the year affected heat demand.

The Heat segment’s comparable operating profit during the third quarter was EUR 4 million lower than the previous year, mainly due to higher fuel prices and other costs.

The Heat segment’s comparable operating profit during January-September was EUR 29 million lower than the previous year, mainly due to the warm weather in the first quarter, higher fuel prices, CO_2 emission costs, availability of some CHP units and other costs.

Heat sales by area, TWh	III/08	III/07	I-III/08	I-III/07	2007	LTM
Sweden	1.1	0.9	6.1	6.1	9.1	9.1
Finland	1.7	1.7	7.7	7.7	11.1	11.1
Poland	0.2	0.2	2.3	2.1	3.5	3.7
Other countries	0.1	0.2	0.9	0.9	1.4	1.4
Total	3.1	3.0	17.0	16.8	25.1	25.3

Power sales, TWh	III/08	III/07	I-III/08	I-III/07	2007	LTM
Total	0.7	0.6	3.3	3.3	5.0	5.0

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/08	III/07	I-III/08	I-III/07	2007	LTM
Sales	171	166	583	563	769	789
- distribution network transmission	144	139	494	475	648	667
- regional network transmission	18	18	59	60	81	80
- other sales	9	9	30	28	40	42
Operating profit	50	50	187	182	233	238
Comparable operating profit	49	51	185	181	231	235
Net assets (at period-end)			3,265	3,292	3,239	
Return on net assets, %					7.7	7.8
Comparable return on net assets, %					7.6	7.6
Gross investments	70	41	203	119	237	321
Number of employees			1,336	1,061	1,063	

In the first nine months of 2008, the volume of distribution and regional network transmissions totalled 18.6 (18.4) TWh and 13.2 (13.2) TWh, respectively.

Electricity transmissions via the regional distribution network totalled 11.0 (10.9) TWh in Sweden and 2.2 (2.3) TWh in Finland.

The comparable operating profit of the Distribution segment was EUR 49 million in the third quarter, EUR 2 million lower than the previous year.

In January-September the comparable operating profit of the Distribution segment was EUR 185 million, EUR 4 million higher than the previous year. In 2007, the segment's results were negatively affected by the winter storms in Sweden. Depreciations on meters for automatic meter reading started in the second quarter.

Installations of new meters and the implementation of automatic meter management (AMM) in Sweden continue. The project is expected to be finalised by year end. A total of 494,000 AMM meters out of the 735,000 meters installed are activated for monthly meter reading. Almost 58% of Fortum's distribution customers in Sweden are invoiced based on automated meter reading.

During the spring, the procurement for AMM services in Finland was initiated. A contract with a service provider is expected to be signed before the summer of 2009. The planning for introducing AMM to Fortum's customers in Norway has also started. The procurement will be initiated in the beginning of 2009. So far, no investment decision has been made for Finland or Norway.

Volume of distributed electricity in distribution network, TWh	**III/08**	**III/07**	**I-III/08**	**I-III/07**	**2007**	**LTM**
Sweden	2.8	2.8	10.2	10.2	14.3	14.3
Finland	1.9	1.8	6.7	6.6	9.2	9.3
Norway	0.4	0.3	1.6	1.5	2.3	2.4
Estonia	0.0	0.0	0.1	0.1	0.2	0.2
Total	5.1	4.9	18.6	18.4	26.0	26.2

Number of electricity distribution customers by area, thousands	**30 Sep 2008**	**30 Sep 2007**	**31 Dec 2007**
Sweden	874	870	871
Finland	604	590	591
Other countries	123	120	122
Total	1,601	1,580	1,584

Markets

Markets is responsible for retail sales of electricity to a total of 1.3 million private and business customers as well as to other electricity retailers in Sweden, Finland and Norway. Markets buys its electricity through Nord Pool. Markets sells approximately 75% of its volumes to business customers and 25% to retail consumers.

EUR million	**III/08**	**III/07**	**I-III/08**	**I-III/07**	**2007**	**LTM**
Sales	461	331	1,391	1,201	1,683	1,873
- power sales	448	308	1,346	1,131	1,582	1,797
- other sales	13	23	45	70	101	76
Operating profit	-17	15	-6	10	12	-4
Comparable operating profit	-8	11	-33	0	-1	-34
Net assets (at period-end)			229	157	247	
Return on net assets, %					6.9	0.5
Comparable return on net assets, %					-0.6	-31.2
Gross investments	0	0	3	2	3	4
Number of employees			629	934	935	

In the third quarter, Markets' electricity sales totalled 7.5 (8.3) TWh. The decrease in the sales volume was mainly due to some expired long-term business customer contracts. For the first nine months of the year, sales were 27.0 (29.1) TWh.

Markets' third-quarter comparable operating profit was clearly negative, mainly due to high procurement costs weakening sales margin. The high procurement costs were partly due to the high Nord Pool area prices for Finland and Sweden.

Fortum announced a 9% price increase in its current price products in Finland effective from 1 August and a 13% increase in Sweden effective from 1 October. Following the increase, Fortum's average price for its current price products will be very close to the overall retail price average.

Due to continuing unsatisfactory business performance, a restructuring programme has been launched. Several cost-saving actions have been initiated.

Matti Saario was appointed BU head of Fortum Markets as of 1 December 2008. Mr Saario was previously the managing director for Unilever Finland.

Russia

The segment comprises power and heat generation and sales in Russia. The segment includes TGC-10 and Fortum's holding in TGC-1. TGC-10 is accounted for as a subsidiary and fully consolidated from 1 April 2008. TGC-1 is an associated company and accounted for using the equity method.

EUR million	III/08	III/07	I-III/08	I-III/07	2007	LTM
Sales	140	-	292	-	-	292
- power sales	112	-	217	-	-	217
- heat sales	23	-	66	-	-	66
- other sales	5	-	9	-	-	9
Operating profit	-39	232	-72	232	244	-60
Comparable operating profit	-39	-	-72	-	-	-72
Net assets (at period-end)			2,420	482	456	
Return on net assets, %					66.3	-2.6
Comparable return on net assets, %					0.0	-3.3
Gross investments	548	245	1,622	245	245	1,622
Number of employees			7,254	-	-	

Fortum acquired 76.49% of TGC-10 shares in March 2008 through an auction held by RAO UES of Russia and the additional share issue of the company. TGC-10 operates in well-developed industrial regions of the Urals and Western Siberia. The rapidly growing activities of oil and gas companies and the significant increase in housing construction are the main drivers behind the increasing power and heat demand in the region.

The segment's power sales during the third quarter amounted to 4.4 TWh. During the same period, heat sales from CHP production in the segment totalled 2.4 TWh.

The segment booked an operating loss in the third quarter of 2008. The loss for the two consolidated quarters is explained by TGC-10's stand-alone loss of EUR 34 million, the surplus value depreciation of EUR 26 million (depreciation on the EUR 1,039 million that has been allocated to the fair value of TGC-10's property, plant and equipment), and integration costs of EUR 12 million. TGC-10's business is typically very seasonal: Its results usually are strongest during the first and last quarters of the year. TGC-10 figures have been consolidated starting from the beginning of April 2008. The stand-alone loss for the consolidated third quarter is mainly explained by seasonality.

Russian power sector reform is continuing. Starting from 1 July, 25% of all produced power is sold on the competitive market. The wholesale power market is expected to be fully liberalised by 2011. The capacity market was launched at the beginning of July, as planned. RAO UES, the former monopoly in the power and heat sector in Russia, ceased to exist as of 1 July 2008. Its regulatory functions were divided between different governmental bodies.

TGC-10 has an extensive investment programme aiming to increase its power capacity to 5,300 MW by 2013. As communicated earlier, TGC-10's initial cost estimate of the programme amounted to EUR 2.2 billion. Fortum is continuously reviewing the cost estimate as contract negotiations for the programme proceed. In August 2008, the turnkey contract for the biggest project in the investment programme was completed with Russian E4 Group, which will act as the general contractor for construction of the Power Island of Nyaganskaya Power Plant (capacity 1,200 MW). The major equipment supplier for this project will be Siemens.

Construction work commenced at the Tyumenskaya and Tobolskaya CHP sites.

Fortum is putting considerable focus on the integration of TGC-10 as a part of Fortum. The integration process started in April 2008. The new organisational structure and Fortum's management model have been in place since the beginning of September 2008.

In September Fortum announced that it will gain approximately 1.5 million tonnes of emission reduction units (ERU) from joint implementation projects conducted at TGC-10.

Capital expenditures, divestments and investments in shares

Capital expenditures and investments in shares in January-September totalled EUR 2,210 (646) million. Investments, excluding acquisitions, were EUR 716 (382) million.

POWER GENERATION

In June, Fortum and Hafslund Infratek ASA signed a letter of intent with the aim to combine Fortum Service's Infrastructure Solutions operations with Hafslund Infratek. The deal concerns all Infrastructure Solutions operations in Sweden, Norway and Finland and altogether 1,060 Fortum employees. According to the plan, Fortum will receive newly issued shares in Hafslund Infratek ASA, listed on the Oslo Stock Exchange. This transaction will bring Fortum's ownership of the combined company to 33%. Hafslund ASA, today the majority shareholder of Hafslund Infratek, will hold 43.3% of the shares in the combined company. The process for combining the operations continued during the third quarter. In the beginning of October the parties agreed to extend the original letter of intent from the end of September. The aim is to finalise the agreement during October.

DISTRIBUTION

Investments, excluding acquisitions, were EUR 203 (119) million; the AMM investment represents EUR 84 (11) million.

RUSSIA

Regarding TGC-10, Fortum has filed the mandatory public tender offer to the company's minorities. The period of offer was from 30 April until 18 July 2008. The tender offer covered 23.51% of the share capital of TGC-10 and has been launched at a price of

111.8 roubles (approximately EUR 3) per share to be fully paid in cash. The tender price is the same price Fortum paid for its shares acquired through the auction and share issue, and it represents a significant premium to the market price. At the end of September, Fortum’s ownership in TGC-10 was over 93% and by that time Fortum had paid EUR 440 million for share purchases under the MTO. Clearing of the share transactions is still ongoing and the final results of the MTO will be known and published at the latest at the end of October 2008.

In the event that Fortum's shareholding in TGC-10 exceeds 95% as a result of the MTO, Fortum may redeem the remaining shares in TGC-10. The redemption of remaining shares is, however, subject to decision by Russian authorities.

Financing

Net debt increased during the third quarter by EUR 266 million to EUR 6,520 million (year-end 2007: EUR 4,466 million). The increase in net debt during the third quarter is mainly due to execution of the mandatory offer for TGC-10 in which Fortum has increased its ownership stake from 76% to over 93%, paying EUR 440 million for the acquired shares. The increase in debt has been financed by drawings under existing committed credit facilities. With the exception of the roll over of commercial paper (CP) financing (EUR 598 million outstanding at quarter end), no new financing arrangements were established during the quarter.

Liquidity remained strong with cash (EUR 663 million) and bank deposits (EUR 516 million) amounting to EUR 1,179 million (1,109 million of which in TGC-10) and EUR 2.4 billion of undrawn committed credit facilities at the end of the quarter.

In October, Fortum made an additional drawing under the committed credit facility of EUR 500 million, which will cover all outstanding debt (EUR 468 million) maturing in 2008. EUR 435 million of the debt maturing in 2008 is CP financing.

Debt maturities in 2009 and 2010 are limited. In 2009, approximately EUR 172 million is maturing in Q1 and EUR 286 million during the reminder of the year. EUR 163 million of the debt maturing in 2009 is CP financing. Debt maturing in 2010 amounts to EUR 634 million. In 2011, the Term Loan Facility of EUR 2,000 million will mature, and the total for maturing debt in 2011 is EUR 2,268 million.

Net debt to EBITDA for the last twelve months was 2.8 (1.9 at year end 2007). The increase in net debt in 2008 is mainly due to the acquisition of 93% of TGC-10 and the dividend payment.

The Group's net financial expenses were EUR 185 (117) million. The increase is attributable to higher average net debt and higher average interest rates for the first nine months of 2008 compared to the corresponding period last year. Net financial expenses include fair value gain on financial instruments of EUR 5 (4) million.

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

Shares and share capital

In January-September 2008, a total of 466.5 (647.9) million Fortum Corporation shares, totalling EUR 12,834 million, were traded. Fortum's market capitalisation, calculated using the closing quotation of the last trading day of the quarter, was EUR 20,928 million. The highest quotation of Fortum Corporation shares on the Nasdaq OMX Helsinki in the first nine months of the year 2008 was EUR 33.00, the lowest EUR 21.24, and the volume-weighted average quotation EUR 27.55. The closing quotation on the last trading day of the quarter was EUR 23.58 (25.74).

Relating to the 2002B share option scheme, a total of 0.7 million options for a total of EUR 17.2 million were traded during the first nine months of 2008.

A total of 325,987 shares subscribed on the basis of share option schemes were entered into the trade register in the third quarter of 2008. At the end of the third quarter, Fortum Corporation did not own its own shares.

After registrations, Fortum Corporation’s share capital is EUR 3,043,297,262 and the total number of registered shares is 887,517,430 at the end of the third quarter of 2008. The share capital of Fortum Corporation increased by a total of EUR 1,108,355.80.

At quarter-end, the amount of shares that can still be subscribed for and registered under the share option schemes is a maximum of 0.1% (849,615 shares) of Fortum’s quarter-end share capital and voting rights.

At quarter-end, the Finnish state's holding in Fortum was 50.8%. The proportion of nominee registrations and direct foreign shareholders was 35.9%.

Currently, the Board of Directors has no unused authorisations from the Annual General Meeting of Shareholders to issue convertible loans or bonds with warrants or to issue new shares. The Board of Directors has an authorisation from the Annual General Meeting of Shareholders on 1 April 2008 to buy Fortum Corporation’s own shares. The authorisation, amounting to EUR 300 million or 15 million shares, is valid until the next Annual General Meeting.

Group personnel

The average number of employees in the Group during the period from January to September was 13,585 (8,305). The number of employees at the end of the period was 15,785 (8,310). The increase in the number of employees is due to the acquisition of TGC-10.

Events after the period under review

Fortum is participating in the project to build the fifth Finnish nuclear power unit (Olkiluoto 3) with a share of approximately 25%. Teollisuuden Voima (TVO), the company that is building and owns the unit, has received new schedule information from the supplier (consortium Areva-Siemens). Based on the new information, TVO currently estimates that the start-up of the plant may be postponed until 2012, while it was earlier anticipated to take place during 2011. TVO has also stated that it has a fixed-price plant supply contract and that it is not in a process of agreeing with the plant supplier on sharing the consortium’s losses, contrary to the information presented in media.

On 21 October, Fortum and Jyväskylän Energia agreed that Fortum will sell its 60% ownership in Jyväskylän Energiantuotanto Oy to Jyväskylän Energia. The transaction and related arrangements will take effect on 1 January 2009. The transaction means that ownership of a CHP plant with 115 MW electricity, 610 MW district heating and 110 MW process steam capacity, and also the plant site will be transferred to Jyväskylän Energia.

The value of the shares sold to Jyväskylän Energia is approximately EUR 40 million. The sales gain from the transaction will be booked in Heat segment's fourth quarter operating profit.

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 and supply-demand balance, CO_2 emissions allowance prices and fuel prices. The exchange rates of the Swedish krona and Russian rouble also affect Fortum's reported results.

Fortum's financial results are exposed to a number of strategic, financial and operational risks. For further details on Fortum's risks and risk management, see Fortum's Operating and Financial Review and Financial Statements for 2007.

In Russia, one of the key assumptions in the TGC-10 acquisition is the continuation of the Russian power sector reform. In the beginning of July, the share of the liberalised energy market increased from 15% to 25%. At the same time, the capacity market was started with the same degree of liberalisation. The first capacity auction for year 2008 was executed in July. Market rules for the long-term capacity market are under preparation. The wholesale power market is expected to be fully liberalised in 2011.

TGC-10 is committed and contractually obligated to a significant investment programme, amounting to approximately EUR 2.2 billion according to TGC-10's original estimate. The programme is estimated to be completed during 2013. The contractual obligations of TGC-10's investment programme include penalty clauses tied to the availability of the new generating capacity.

According to general market information, electricity consumption in the Nordic countries is predicted to increase by slightly below 1% a year over the next few years. A change in the overall economic conditions may affect short term demand for electricity.

In early October 2008, the Nordic water reservoirs were about 6 TWh below the long-term average and 11 TWh below the corresponding level of 2007. In mid-October, the market price for emission allowances (EUA) for 2008 was about EUR 22-23 per tonne CO_2. At the same time, the electricity forward price for the rest of 2008 was around EUR 53-58 per MWh, for 2009 around EUR 51-55 per MWh and for 2010 around EUR 50-53 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 prices, availability and utilisation of Fortum's flexible production portfolio and currency fluctuations. If Fortum did not hedge any of its production volumes, a 1 EUR/MWh change in the Nordic spot price would result in approximately a EUR 50 million change in Fortum's annual operating profit.

At the beginning of October 2008, Fortum had hedged approximately 65% of the Power Generation segment's estimated Nordic electricity sales volume for the rest of 2008 at approximately EUR 46 per MWh. For the calendar year 2009, approximately 55% of the Power Generation segment's estimated Nordic electricity sales volume was hedged at approximately EUR 53 per MWh. For the calendar year 2010, approximately 20% was hedged at approximately EUR 55 per MWh.

The reported hedge ratios may vary significantly depending on Fortum's actions on the electricity derivatives markets. Hedges are mainly financial contracts, most of them Nord Pool forwards or standardised futures, consisting of several types of products and maturities. Hedge prices are also influenced by changes in the SEK/EUR exchange rates, as some of the hedges are conducted in SEK.

The acquisition of TGC-10 is expected to marginally dilute Fortum's EPS during 2008 and 2009. Fortum is in the process of reviewing the potential for further efficiency improvements in TGC-10. The previously announced annual efficiency improvements of at least EUR 30 million are expected to be exceeded.

Fortum's results in the first nine months of 2008 were good. The Group's financial position and liquidity are strong. With its flexible and climate-benign production portfolio, Fortum continues to be well positioned for the future.

Espoo, 21 October 2008
Fortum Corporation
Board of Directors

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

Fortum's Annual General Meeting is planned to take place on 7 April 2009.

The annual report for 2008 will be published during week 12 at the latest.

Publication of results in 2009:
Financial statements bulletin January-December 2008 will be published on 5 February 2009 at approximately 9:00 EET.
Interim Report January-March will be published on 28 April 2009 at approx. 9:00 EET.
Interim Report January-June will be published on 17 July 2009 at approx. 9:00 EET.
Interim Report January-September will be published on 22 October 2009 at approx. 9:00 EET.

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

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

CONSOLIDATED INCOME STATEMENT

MEUR	Note	**Q3 2008**	Q3 2007	**Q1-Q3 2008**	Q1-Q3 2007	2007	Last twelve months
Sales	4	**1 272**	860	**4 034**	3 159	4 479	5 354
Other income		**56**	261	**75**	309	393	159
Materials and services		**-479**	-287	**-1 465**	-1 089	-1 572	-1 948
Employee benefit costs		**-156**	-109	**-429**	-359	-495	-565
Depreciation, amortisation and impairment charges	4, 12	**-137**	-113	**-383**	-336	-451	-498
Other expenses		**-161**	-102	**-480**	-357	-507	-630
Operating profit		**395**	510	**1 352**	1 327	1 847	1 872
Share of profit of associates and joint ventures	4, 13	**8**	6	**78**	223	241	96
Interest expense		**-100**	-57	**-255**	-156	-220	-319
Interest income		**33**	21	**77**	49	76	104
Fair value gains and losses on financial instruments		**8**	2	**5**	4	7	8
Other financial expenses - net		**-7**	-11	**-12**	-14	-17	-15
Finance costs - net		**-66**	-45	**-185**	-117	-154	-222
Profit before income tax		**337**	471	**1 245**	1 433	1 934	1 746
Income tax expense	9	**-69**	-44	**-256**	-218	-326	-364
Profit for the period		**268**	427	**989**	1 215	1 608	1 382
Attributable to:							
Equity holders of the Company		**284**	431	**979**	1 184	1 552	1 347
Minority interest		**-16**	-4	**10**	31	56	35
		268	427	**989**	1 215	1 608	1 382
Earnings per share for profit attributable to the equity holders of the company during the year (in € per share)	10						
Basic		**0.32**	0.48	**1.10**	1.33	1.74	1.52
Diluted		**0.32**	0.48	**1.10**	1.33	1.74	1.52

CONSOLIDATED BALANCE SHEET

MEUR	Note	**Sept 30 2008**	Sept 30 2007	Dec 31 2007
ASSETS				
Non-current assets				
Intangible assets	12	**427**	76	85
Property, plant and equipment	12	**13 037**	11 407	11 343
Participations in associates and joint ventures	4, 13	**2 331**	2 755	2 853
Share in State Nuclear Waste Management Fund	16	**561**	510	516
Other long-term investments		**72**	104	99
Deferred tax assets		**0**	3	3
Derivative financial instruments	6	**242**	117	153
Long-term interest-bearing receivables		**827**	718	736
Total non-current assets		**17 497**	15 690	15 788
Current assets				
Inventories		**358**	321	285
Derivative financial instruments	6	**368**	125	140
Trade and other receivables		**1 144**	718	1 034
Bank deposits		**516**	-	-
Cash and cash equivalents		**663**	815	427
Liquid funds	15	**1 179**	815	427
Total current assets		**3 049**	1 979	1 886
Total assets		**20 546**	17 669	17 674
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	14	**3 043**	3 039	3 040
Other restricted funds		**83**	78	78
Fair value and other reserves		**200**	746	715
Retained earnings		**4 253**	4 356	4 526
Total		**7 579**	8 219	8 359
Minority interest		**478**	274	292
Total equity		**8 057**	8 493	8 651
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities	15	**6 776**	4 583	4 288
Derivative financial instruments	6	**177**	131	139
Deferred tax liabilities		**1 810**	1 715	1 687
Nuclear provisions	16	**561**	510	516
Pension and other provisions		**290**	152	144
Other liabilities		**464**	476	486
Total non-current liabilities		**10 078**	7 567	7 260
Current liabilities				
Interest-bearing liabilities	15	**923**	688	605
Derivative financial instruments	6	**331**	172	260
Trade and other payables		**1 157**	749	898
Total current liabilities		**2 411**	1 609	1 763
Total liabilities		**12 489**	9 176	9 023
Total equity and liabilities		**20 546**	17 669	17 674

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CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

MEUR	Share capital	Other restricted funds	Fair value and other reserves	Treasury shares	Retained earnings	Attributable to the equity holders	Minority	Total
Total equity at 31.12.2007	**3 040**	**78**	**715**	**-**	**4 526**	**8 359**	**292**	**8 651**
Translation and other differences			-36		-40	-76	-33	-109
Cash flow hedges			1			1		1
Other fair value adjustments [1]			-482			-482	-1	-483
Total gains and losses not recognised in Income statement	-	0	-517	-	-40	-557	-34	-591
Net profit for the period					979	979	10	989
Total recognised income for the period	**-**	**0**	**-517**	**-**	**939**	**422**	**-24**	**398**
Stock options exercised	3					3		3
Cash dividend [2]					-1 198	-1 198		-1 198
Changes between restricted and unrestricted equity		5			-5	0		0
Changes due to business combinations			2		-9	-7	210	203
Total equity at 30.09.2008	**3 043**	**83**	**200**	**-**	**4 253**	**7 579**	**478**	**8 057**
Total equity at 31.12.2006	**3 023**	**74**	**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 due to business combinations					5	5	-5	0
Total equity at 30.9.2007	**3 039**	**78**	**746**	**-**	**4 356**	**8 219**	**274**	**8 493**
Total equity at 31.12.2006	**3 023**	**74**	**511**	**-**	**4 300**	**7 908**	**253**	**8 161**
Translation and other differences			10		-25	-15	-11	-26
Cash flow hedges			-168			-168	-2	-170
Other fair value adjustments [1]			362			362		362
Total gains and losses not recognised in Income statement	-	-	204	-	-25	179	-13	166
Net profit for the period					1 552	1 552	56	1 608
Total recognised income for the period	**-**	**-**	**204**	**-**	**1 527**	**1 731**	**43**	**1 774**
Stock options exercised	17					17		17
Cash dividend [2]					-1 122	-1 122		-1 122
Repurchase of own shares				-175		-175		-175
Cancellation of own shares				175	-175	0		0
Changes between restricted and unrestricted equity		4			-4	0		0
Changes due to business combinations						0	-4	-4
Total equity at 31.12.2007	**3 040**	**78**	**715**	**-**	**4 526**	**8 359**	**292**	**8 651**

[1] Includes the fair value change of Renewable Energy Corporation (REC) shareholding in Hafslund and the effect of Hafslund's sale of REC shares in 2007.
See Note 13 Changes in participations in associates and joint ventures.
[2] See Note 11 Dividends.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

MEUR	Note	Q3 2008	Q3 2007	Q1-Q3 2008	Q1-Q3 2007	2007	Last twelve months
Cash flow from operating activities							
Operating profit before depreciations (EBITDA)		**532**	623	**1 735**	1 663	2 298	2 370
Non-cash flow items and divesting activities		**-56**	-263	**-38**	-268	-286	-56
Financial items and realised foreign exchange gains and losses		**-13**	-6	**-93**	89	-10	-192
Taxes		**-79**	-83	**-279**	-320	-383	-342
Funds from operations		**384**	271	**1 325**	1 164	1 619	1 780
Change in working capital		**17**	-16	**115**	161	51	5
Total net cash from operating activities		**401**	255	**1 440**	1 325	1 670	1 785
Cash flow from investing activities							
Capital expenditures [1)]	4, 12	**-301**	-128	**-680**	-341	-592	-931
Acquisition of subsidiaries, net of cash acquired	7	**-442**	-2	**-1 206**	-10	-10	-1 206
Acquisition of associates [2)]	13	**0**	-245	**-8**	-245	-271	-34
Acquisition of other long-term investments		**0**	0	**-1**	-2	-4	-3
Proceeds from sales of fixed assets		**4**	3	**9**	12	14	11
Proceeds from sales of subsidiaries, net of cash disposed	7	**1**	0	**1**	0	0	1
Proceeds from sales of associates	13	**24**	298	**24**	302	304	26
Proceeds from sales of other long-term investments		**0**	0	**0**	0	29	29
Change in interest-bearing receivables		**-28**	-19	**-78**	-56	-79	-101
Total net cash used in investing activities		**-742**	-93	**-1 939**	-340	-609	-2 208
Cash flow before financing activities		**-341**	162	**-499**	985	1 061	-423
Cash flow from financing activities							
Net change in loans		**257**	-230	**2 578**	779	488	2 287
Dividends paid to the Company's equity holders		**0**	0	**-1 198**	-1 122	-1 122	-1 198
Repurchase of own shares		**0**	0	**0**	0	-175	-175
Other financing items		**-10**	5	**-134**	16	18	-132
Total net cash used in financing activities		**247**	-225	**1 246**	-327	-791	782
Total net increase (+)/decrease (-) in cash and marketable securities		**-94**	-63	**747**	658	270	359

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

[2)] Acquisition of associates include share issues.

Change in net debt	**Q3 2008**	**Q1-Q3 2008**
Net debt 30 June 2008 and 31 December 2007 respectively	**6 254**	**4 466**
Foreign exchange rate differences	**-92**	**-96**
EBITDA	**532**	**1 735**
Paid net financial costs, taxes and adjustments for non-cash and divestment items	**-148**	**-410**
Change in working capital	**17**	**115**
Capital expenditures	**-301**	**-680**
Acquisitions	**-442**	**-1 215**
Divestments	**29**	**34**
Change in interest-bearing receivables	**-28**	**-78**
Dividends	**0**	**-1 198**
Other financing activities	**-10**	**-134**
-Net cash flow (- increase in net debt)	**-351**	**-1 831**
Loans in acquired companies	**-**	**274**
Fair value change of bonds and amortised cost valuation	**7**	**45**
Net debt end of period	**6 520**	**6 520**

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KEY RATIOS

MEUR	**Sept 30 2008**	June 30 2008	March 31 2008	Dec 31 2007	Sept 30 2007	June 30 2007	March 31 2007	Last twelve months
EBITDA, MEUR	**1 735**	1 203	720	2 298	1 663	1 040	602	2 370
Earnings per share (basic), EUR	**1.10**	0.78	0.51	1.74	1.33	0.85	0.59	1.52
Capital employed, MEUR	**15 756**	15 593	16 868	13 544	13 764	13 503	12 593	15 756
Interest-bearing net debt, MEUR	**6 520**	6 254	5 228	4 466	4 456	4 610	3 932	N/A
Capital expenditure and gross investments in shares, MEUR	**2 210**	1 459	1 227	972	646	253	115	2 536
Capital expenditure, MEUR	**716**	408	175	655	382	236	100	989
Return on capital employed, % [1]	**13.7**	14.6	17.3	16.5	15.1	14.8	18.0	14.1
Adjusted return on capital employed, % [2]				14.0				
Return on shareholders' equity, % [1]	**15.7**	17.2	21.0	19.1	17.8	17.2	21.1	16.7
Adjusted return on shareholders' equity, % [2]				15.8				
Net debt / EBITDA [1]	**2.8**	2.6	1.8	1.9	2.1	2.2	1.6	2.8
Adjusted Net debt / EBITDA [3]				2.2	2.3			
Interest coverage	**7.6**	8.6	14.1	12.8	12.4	11.5	15.3	8.7
Funds from operations/interest-bearing net debt, % [1]	**27.1**	30.1	42.9	36.3	33.9	36.1	45.5	27.3
Gearing, %	**81**	77	56	52	52	58	52	N/A
Equity per share, EUR	**8.49**	8.08	9.53	9.43	9.21	8.68	8.22	N/A
Equity-to-assets ratio, %	**39**	39	44	49	48	46	43	N/A
Average number of employees	**13 585**	12 603	8 356	8 304	8 305	8 257	8 165	N/A
Number of employees	**15 785**	16 069	15 689	8 303	8 306	8 541	8 190	N/A
Average number of shares, 1 000 shares	**887 241**	887 131	887 085	889 997	890 984	890 770	890 263	887 398
Diluted adjusted average number of shares, 1 000 shares	**887 986**	888 165	888 177	891 395	892 815	893 140	893 252	887 502
Number of registered shares, 1 000 shares	**887 517**	887 191	887 123	886 683	892 119	891 472	890 685	N/A

[1] Quarterly figures are annualised.
[2] Adjusted for REC and Lenenergo gains, which were arising Q1 and Q3 in 2007 respectively and thus are not effecting LTM Q3 2008 numbers.
[3] Based on EBITDA excluding capital gain from the sale of Fortum's holding in Lenenergo amounting to EUR 232 million.
For definitions, see Note 23.

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 2007.

2. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the Group's annual financial statements for the year ended 31 December 2007, except for changes listed below.

Early adoption of IFRS 8 Operating Segments

Following the acquisition of the Russian company TGC-10, Fortum has changed its segment reporting during Q1 2008. A new Russia segment was introduced, which then meant that the new segment structure has one segment based on geographical area, combined with segments based on type of business operations. Due to the change in segments structure, Fortum has early adopted IFRS 8 Operating segments.

The new Russia segment includes:
- TGC-10, which has been consolidated from 31 March 2008 (see Note 7)
- the TGC-1 shareholding, which was transferred from the Power Generation segment
- minor assets from shareholdings in Lenenergo spin-off companies, transferred from Distribution, Markets and Other segments

In addition to introducing a new segment, assets and profits from the associated company Hafslund have been transferred from Power Generation segment to Other segment.

Segments Power Generation, Heat, Distribution and Markets as well as Other remained as previously reported with exception from the items stated above. Power Generation consists of the business units Generation, Portfolio Management and Trading (PMT) as well as Service. The business units Generation and PMT have from a financial reporting perspective one common set of financial measures. No separate pricing mechanism is in use between the business units. Service business unit provides services both internal and external, but its core activities refer to Generation business. The two business units Heat and Värme are aggregated to the Heat segment based on the similarity in the nature of business, customers etc.

Financial target setting, follow up and allocation of resources in the Group's performance management process are based on the business units' comparable operating profit including share of profit from associated companies and comparable return on net assets.

Consolidation by segment is based on the same principles as for the Group as a whole. Inter-segment transactions are based on commercial terms. Due to the large number of customers and the variety of its business activities, there are no individual customer whose business volume is material compared with Fortum's total business volume. Power Generation segment is selling the produced electricity mainly through Nord Pool. For further information regarding the segments business activities and geographical areas, see the Financial statements 2007 Note 5 Primary Segment information.

Comparison numbers for 2007 have been restated, resulting in the following effects in operating profit and non-recurring items:
- the non-recurring gain on the sale of Lenenergo shares (EUR 232 million) in Q3 2007, transferred from Distribution segment to the new Russia segment
- the gain on the sale of WGC-5 shares (EUR 12 million) in Q4 2007, transferred from Power Generation segment to the new Russia segment
- share of profits from associates regarding Hafslund during 2007, including the gain from Hafslund's divestment of shares in REC in Q1 2007, has been transferred from Power Generation segment to Other segment.

New interpretations

The following new interpretations are mandatory for the financial year ending 31 December 2008:
- IFRIC 11 IFRS 2: Group and treasury share transactions The share-based payment arrangements established within Fortum Group are not subject to IFRIC 11 because they are cash-settled.
- IFRIC 14 IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction provides guidance how to assess the limit in IAS 19 on the amount of the surplus that can be recognised as an asset in particular when there is a minimum funding requirement. IFRIC 14 is not expected to have a significant impact o Group's accounts. The interpretation has not yet been endorsed in the EU.
- IFRIC 12 Service concession arrangements is not relevant to Fortum as no member of the Group is a service concession operator providing for public sector services. The interpretation has not yet been endorsed in the EU.
These new interpretations have not had any effect on the reported income statement, balance sheet or disclosures.

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 2007.

4. SEGMENT INFORMATION

SALES

MEUR	Q3 2008	Q3 2007	Q1-Q3 2008	Q1-Q3 2007	2007	Last twelve months
Power sales excluding indirect taxes	**837**	483	**2 405**	1 673	2 370	3 102
Heating sales	**196**	154	**858**	744	1 096	1 210
Network transmissions	**162**	157	**553**	535	729	747
Other sales	**77**	66	**218**	207	284	295
Total	**1 272**	860	**4 034**	3 159	4 479	5 354

SALES BY SEGMENT

MEUR	Q3 2008	Q3 2007	Q1-Q3 2008	Q1-Q3 2007	2007	Last twelve months
Power Generation	**718**	502	**2 156**	1 665	2 350	2 841
- of which internal	***-79***	*70*	***-5***	*318*	*323*	*0*
Heat	**226**	186	**1 003**	917	1 356	1 442
- of which internal	***-4***	*4*	***3***	*39*	*38*	*2*
Distribution	**171**	166	**583**	563	769	789
- of which internal	***2***	*2*	***7***	*6*	*9*	*10*
Markets	**461**	331	**1 391**	1 201	1 683	1 873
- of which internal	***61***	*30*	***127***	*106*	*155*	*176*
Russia	**140**	-	**292**	-	-	292
- of which internal	-	-	-	-	-	-
Other	**21**	19	**62**	60	81	83
- of which internal	***20***	*17*	***61***	*52*	*72*	*81*
Netting of Nord Pool transactions [1)]	**-465**	-221	**-1 260**	-726	-1 163	-1 697
Eliminations	***0***	*-123*	***-193***	*-521*	*-597*	*-269*
Total	**1 272**	860	**4 034**	3 159	4 479	5 354

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

OPERATING PROFIT BY SEGMENTS

MEUR	Q3 2008	Q3 2007	Q1-Q3 2008	Q1-Q3 2007	2007	Last twelve months
Power Generation	**438**	221	**1 129**	764	1 115	1 480
Heat	**-15**	-2	**152**	173	294	273
Distribution	**50**	50	**187**	182	233	238
Markets	**-17**	15	**-6**	10	12	-4
Russia	**-39**	232	**-72**	232	244	-60
Other	**-22**	-6	**-38**	-34	-51	-55
Total	**395**	510	**1 352**	1 327	1 847	1 872

COMPARABLE OPERATING PROFIT BY SEGMENTS

MEUR	Q3 2008	Q3 2007	Q1-Q3 2008	Q1-Q3 2007	2007	Last twelve months
Power Generation	**371**	185	**1 150**	732	1 095	1 513
Heat	**-7**	-3	**141**	170	290	261
Distribution	**49**	51	**185**	181	231	235
Markets	**-8**	11	**-33**	0	-1	-34
Russia	**-39**	-	**-72**	-	-	-72
Other	**-13**	-6	**-34**	-35	-51	-50
Comparable operating profit	**353**	238	**1 337**	1 048	1 564	1 853
Non-recurring items	**15**	232	**17**	237	250	30
Other items effecting comparability	**27**	40	**-2**	42	33	-11
Operating profit	**395**	510	**1 352**	1 327	1 847	1 872

NON-RECURRING ITEMS BY SEGMENTS

MEUR	Q3 2008	Q3 2007	Q1-Q3 2008	Q1-Q3 2007	2007	Last twelve months
Power Generation	**11**	0	**11**	2	2	11
Heat	**2**	0	**4**	1	2	5
Distribution	**2**	-1	**2**	0	0	2
Markets	**0**	1	-	1	0	-1
Russia	**0**	232	**0**	232	244	12
Other	**0**	0	**0**	1	2	1
Total	**15**	232	**17**	237	250	30

Non-recurring items mainly include capital gains and losses. The main capital gain in 2007 was gain on sale of Lenenergo shares (EUR 232 million).

OTHER ITEMS EFFECTING COMPARABILITY BY SEGMENTS	Q3 2008	Q3 2007	Q1-Q3 2008	Q1-Q3 2007	2007	Last twelve months
Power Generation [1]	**56**	36	**-32**	30	18	-44
Heat	**-10**	1	**7**	2	2	7
Distribution	**-1**	0	**0**	1	2	1
Markets	**-9**	3	**27**	9	13	31
Russia	-	-	-	-	-	-
Other	**-9**	0	**-4**	0	-2	-6
Total	**27**	**40**	**-2**	42	33	-11
[1] Including effects from the accounting of Fortum's part of the Finnish State Nuclear Waste Management Fund with (EUR million):	**10**	33	**-7**	24	17	-14

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

DEPRECIATION, AMORTISATION AND IMPAIRMENT CHARGES BY SEGMENTS

MEUR	Q3 2008	Q3 2007	Q1-Q3 2008	Q1-Q3 2007	2007	Last twelve months
Power Generation	**24**	27	**73**	79	103	97
Heat	**45**	40	**128**	120	163	171
Distribution	**41**	40	**124**	119	162	167
Markets	**2**	2	**6**	9	11	8
Russia	**23**	-	**45**	-	-	45
Other	**2**	4	**7**	9	12	10
Total	**137**	113	**383**	336	451	498

SHARE OF PROFITS IN ASSOCIATES AND JOINT VENTURES BY SEGMENTS

MEUR	Q3 2008	Q3 2007	Q1-Q3 2008	Q1-Q3 2007	2007	Last twelve months
Power Generation [1]	**-6**	-9	**-13**	-21	-23	-15
Heat	**0**	4	**8**	16	24	16
Distribution	**2**	4	**13**	13	18	18
Markets	**4**	-1	**5**	0	0	5
Russia	**1**	**-**	**19**	-	-	19
Other	**7**	8	**46**	215	222	53
Total	**8**	6	**78**	223	241	96

[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.

PARTICIPATIONS IN ASSOCIATES AND JOINT VENTURES BY SEGMENTS MEUR	Sept 30 2008	Sept 30 2007	Dec 31 2007
Power Generation	**775**	768	806
Heat	**155**	151	158
Distribution	**232**	226	229
Markets	**12**	8	8
Russia	**477**	455	455
Other	**680**	1 147	1 197
Total	**2 331**	2 755	2 853

CAPITAL EXPENDITURE BY SEGMENTS

MEUR	Q3 2008	Q3 2007	Q1-Q3 2008	Q1-Q3 2007	2007	Last twelve months
Power Generation	**35**	21	**85**	61	93	117
Heat [1]	**95**	80	**264**	189	309	384
Distribution [2]	**70**	41	**203**	119	236	320
Markets	**0**	0	**3**	2	3	4
Russia	**107**	-	**152**	-	-	152
Other	**1**	4	**9**	11	14	12
Total	**308**	146	**716**	382	655	989

[1] Increase is mainly due to ongoing large CHP-plant construction projects in Espoo in Finland, Tarto in Estonia and Czestochowa in Poland.
[2] Increase is mainly due to installation of new meters in Fortum's network areas in Sweden (Automatic Meter Management, AMM).

GROSS INVESTMENTS IN SHARES BY SEGMENTS

MEUR	Q3 2008	Q3 2007	Q1-Q3 2008	Q1-Q3 2007	2007	Last twelve months
Power Generation	**0**	0	**0**	0	52	52
Heat	**1**	2	**23**	17	18	24
Distribution	**0**	0	**0**	-	1	1
Markets	**0**	0	**0**	-	0	0
Russia [1]	**441**	245	**1 470**	245	245	1 470
Other	**1**	0	**1**	2	1	0
Total	**443**	247	**1 494**	264	317	1 547

[1] See Note 7 Acquisitions and disposals.

NET ASSETS BY SEGMENTS MEUR	Sept 30 2008	Sept 30 2007	Dec 31 2007
Power Generation	**5 396**	5 659	5 599
Heat	**3 595**	3 402	3 507
Distribution	**3 265**	3 292	3 239
Markets	**229**	157	247
Russia	**2 420**	482	456
Other	**823**	1 144	1 237
Total	**15 728**	14 136	14 285

RETURN ON NET ASSETS BY SEGMENTS %	Last twelve months	Dec 31 2007
Power Generation	**26.3**	19.2
Heat	**8.2**	9.3
Distribution	**7.8**	7.7
Markets	**0.5**	6.9
Russia	**-2.6**	66.3
Other	**-0.1**	17.1

COMPARABLE RETURN ON NET ASSETS BY SEGMENTS	Last twelve months	Dec 31 2007
Power Generation	**27.1**	18.9
Heat	**7.5**	9.2
Distribution	**7.6**	7.6
Markets	**-31.2**	-0.6
Russia	**-3.3**	0.0
Other [1]	**2.1**	-2.1

[1] Excluding approximately EUR 180 million gain in relation to Hafslund's divestment of REC-shares Q1 2007 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 MEUR	Sept 30 2008	Sept 30 2007	Dec 31 2007
Power Generation	**6 032**	6 254	6 154
Heat	**3 949**	3 766	3 928
Distribution	**3 766**	3 741	3 778
Markets	**631**	468	630
Russia	**2 691**	482	456
Other	**927**	1 264	1 392
Assets included in Net assets	**17 996**	15 975	16 338
Interest-bearing receivables	**826**	738	747
Deferred taxes	**0**	3	3
Other assets	**545**	138	159
Liquid funds	**1 179**	815	427
Total assets	**20 546**	17 669	17 674

LIABILITIES BY SEGMENTS MEUR	Sept 30 2008	Sept 30 2007	Dec 31 2007
Power Generation	**636**	595	555
Heat	**354**	364	421
Distribution	**501**	449	539
Markets	**402**	311	383
Russia	**271**	-	-
Other	**104**	120	155
Liabilities included in Net assets	**2 268**	1 839	2 053
Deferred tax liabilities	**1 810**	1 715	1 687
Other liabilities	**712**	351	390
Total liabilities included in Capital employed	**4 790**	3 905	4 130
Interest-bearing liabilities	**7 699**	5 271	4 893
Total equity	**8 057**	8 493	8 651
Total equity and liabilities	**20 546**	17 669	17 674

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

AVERAGE NUMBER OF EMPLOYEES	Q1-Q3 2008	Q1-Q3 2007	2007
Power Generation	**3 606**	3 451	3 475
Heat	**2 423**	2 308	2 302
Distribution	**1 189**	1 060	1 060
Markets	**804**	938	936
Russia	**5 052**	-	-
Other	**511**	548	531
Total	**13 585**	8 305	8 304

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

NUMBER OF EMPLOYEES	**Sept 30 2008**	Sept 30 2007	Dec 31 2007
Power Generation	**3 564**	3 524	3 511
Heat	**2 486**	2 277	2 279
Distribution	**1 336**	1 061	1 063
Markets	**629**	934	935
Russia	**7 254**	-	-
Other	**516**	514	515
Total	**15 785**	8 310	8 303

5. QUARTERLY SEGMENT INFORMATION

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

QUARTERLY SALES BY SEGMENTS MEUR	**Q3 2008**	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007
Power Generation	**718**	721	717	685	502	522	641
- of which internal	***-79***	*21*	*53*	*5*	*70*	*92*	*156*
Heat	**226**	284	493	439	186	252	479
- of which internal	***-4***	-	*7*	*-1*	*4*	*11*	*24*
Distribution	**171**	180	232	206	166	172	225
- of which internal	***2***	*2*	*3*	*3*	*2*	*2*	*2*
Markets	**461**	411	519	482	331	351	519
- of which internal	***61***	*34*	*32*	*49*	*30*	*32*	*44*
Russia	**140**	152	-	-	-	-	-
- of which internal	**-**	-	-	-	-	-	-
Other	**21**	21	20	21	19	22	19
- of which internal	***20***	*21*	*20*	*20*	*17*	*19*	*16*
Netting of Nord Pool transactions	**-465**	-369	-426	-437	-221	-204	-301
Eliminations	***0***	*-78*	*-115*	*-76*	*-123*	*-156*	*-242*
Total	**1 272**	1 322	1 440	1 320	860	959	1 340

QUARTERLY OPERATING PROFIT BY SEGMENTS MEUR	**Q3 2008**	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007
Power Generation	**438**	260	431	351	221	243	300
Heat	**-15**	37	130	121	-2	33	142
Distribution	**50**	51	86	51	50	53	79
Markets	**-17**	31	-20	2	15	7	-12
Russia	**-39**	-33	0	12	232	-	-
Other	**-22**	2	-18	-17	-6	-9	-19
Total	**395**	348	609	520	510	327	490

QUARTERLY COMPARABLE OPERATING PROFIT BY SEGMENTS MEUR	**Q3 2008**	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007
Power Generation	**371**	384	395	363	185	217	330
Heat	**-7**	27	121	120	-3	36	137
Distribution	**49**	49	87	50	51	52	78
Markets	**-8**	-15	-10	-1	11	3	-14
Russia	**-39**	-33	-	-	-	-	-
Other	**-13**	-9	-12	-16	-6	-10	-19
Total	**353**	403	581	516	238	298	512

QUARTERLY NON-RECURRING ITEMS BY SEGMENTS MEUR	**Q3 2008**	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007
Power Generation	**11**	0	0	0	0	2	0
Heat	**2**	0	2	1	0	1	0
Distribution	**2**	0	0	0	-1	0	1
Markets	**0**	0	-	-1	1	0	0
Russia	**0**	-	-	12	232	-	-
Other	**0**	0	0	1	0	1	0
Total	**15**	0	2	13	232	4	1

QUARTERLY OTHER ITEMS EFFECTING COMPARABILITY	**Q3 2008**	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007
Power Generation [1)]	**56**	-124	36	-12	36	24	-30
Heat	**-10**	10	7	0	1	-4	5
Distribution	**-1**	2	-1	1	0	1	0
Markets	**-9**	46	-10	4	3	4	2
Russia	**-**	-	-	-	-	-	-
Other	**-9**	11	-6	-2	0	0	0
Total	**27**	-55	26	-9	40	25	-23
[1)] Including effects from the accounting of Fortum's part of the Finnish State Nuclear Waste Management Fund with (EUR million):	10	-8	-9	-7	33	-4	-5

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 2007.

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 2008**		Sept 30 2007		Dec 31 2007
Interest and currency derivatives	**Notional value**	**Net fair value**	Notional value	Net fair value	Notional value	Net fair value
Interest rate swaps	**3 049**	**-6**	3 690	-13	3 500	-16
Forward foreign exchange contracts	**4 898**	**157**	4 220	-17	4 452	30
Forward rate agreements	**357**	**0**	597	-	741	0
Interest rate and currency swaps	**2 740**	**150**	2 965	-14	3 293	66

Electricity derivatives	**Volume**	**Net fair value**	Volume	Net fair value	Volume	Net fair value
	TWh	**MEUR**	TWh	MEUR	TWh	MEUR
Sales swaps	**147**	**-850**	115	-271	119	-651
Purchase swaps	**118**	**649**	86	199	88	461
Purchased options	**5**	**3**	9	-1	0	0
Written options	**9**	**-8**	14	4	2	-1

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	**852**	**-8**	1 415	-3	460	-4
Purchase swaps and futures	**882**	**10**	947	6	795	9

Coal derivatives	**Volume**	**Net fair value**	Volume	Net fair value	Volume	Net fair value
	kt	**MEUR**	kt	MEUR	kt	MEUR
Sold	**345**	**-3**	75	-1	150	-1
Bought	**740**	**8**	75	1	375	1

CO2 emission allowance derivatives	**Volume**	**Net fair value**	Volume	Net fair value	Volume	Net fair value
	ktCO2	**MEUR**	ktCO2	MEUR	ktCO2	MEUR
Sold	**5 099**	**-12**	4 700	0	3 101	-13
Bought	**5 119**	**13**	4 755	0	3 121	13

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)]	**37**	**38**	36	56	36	66

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

On 20 February 2008, Fortum, the Russian Territorial Generating Company No. 1 (TGC-1) and ECF Project Ltd signed an agreement according to which Fortum will purchase approximately 5 million tonnes of emission reduction units (ERU) from TGC-1. The ERUs will come from Joint Implementation projects conducted at TGC-1's production facilities during the Kyoto Period (2008-2012) of the European Emissions Trading Scheme.

Depending on the timing of the volumes, the agreement will fully be classified as an own use contract and valued at cost. Since the timing, volumes (and also the market price for the ERUs) are uncertain, the agreement is treated as an own use contract until more information is available, i.e. with no impact to income statement or balance sheet. The ERUs purchased cover approximately half of Fortum's annual CO2 emissions.

7. ACQUISITIONS AND DISPOSALS

Total Gross investment in subsidiary shares (see definition of key figures) amounted to EUR 1,485 (17) million of which EUR 1,470 million represents the acquisition of TGC-10.

In Latvia, Fortum acquired 100% of the shares in Jelgavas Kogeneracija SIA at the end of March. The acquired company provides district heating to the city of Jelgava. The annual heat sales are 200 GWh, the sales EUR 10 million, and the number of employees 170. The gross investment was EUR 10 million.

In Sweden, Fortum acquired additional 11.22% shares in Hofors Energi AB. After this acquisition Fortum's total ownership of the shares in Hofors Energi AB is 60%. The acquired company provides district heating to the Hofors area. The annual heat sales are 130 GWh, the sales EUR 7 million, and Fortum has already earlier taken care of operations in the company. The gross investment was EUR 3 million.

No divestments of shares in subsidiaries have taken place during the period.

Acquisition of TGC-10

In March Fortum acquired 76.49% of TGC-10 which is a Russian territorial generating company founded in 2006 and operating in the Urals and West Siberia region. The total installed capacity is 3,000 MW electricity and 15,800 MW heat with an annual production of 18 TWh electricity and 27 TWh heat. The company is committed and contractually obligated to an extensive investment plan to further increase its electricity capacity with 2,300 MW by 2013. The contractual obligations of TGC-10's investment programme include penalty clauses tied to the availability of the new generating capacity. Total sales for last twelve months in TGC-10 were EUR 590 million and operating profit was EUR 26 million based on Q3 2007 published Interim Financial statements.

The acquisition was made through an acquisition of shares and through participation in a share issue. On 20 March 2008 Fortum paid for 47.42% of the shares in TGC-10 through a share issue for approximately EUR 1.3 billion. The capital received by TGC-10 will remain in the company and will be used to finance its committed capacity investment programme planned at EUR 2.2 billion. On 26 March Fortum paid for an additional 29.07% of the shares in TGC-10 from United Energy Systems of Russia (RAO UES). 29 April Fortum filed the mandatory public tender offer to TGC-10 minority shareholders. The offer was valid from 30 April until 18 July 2008. The tender offer covered 23.51% of the share capital of TGC-10 and has been launched at a price of 111.8 roubles per share to be fully paid in cash. At the end of September, Fortum's ownership in TGC-10 was over 93% including the shares held by TGC-10's 100% owned subsidiary and by that time Fortum had paid EUR 440 for share purchases under the MTO. Clearing of the share transactions is still ongoing and the final results of the MTO will be known and published at the latest at the end of October.

The gross investment for the total transaction was EUR 1,470 million, excluding cash in TGC-10 (mainly coming from the share issue) and including interest-bearing liabilities in the company. The purchase price allocation is based on a preliminary balance sheet as of 31 March 2008 of TGC-10. The fair value adjustments are still preliminary, since all valuation effects have not been finalised, in particular regarding potential obligations. The main changes from Q1 2008 were changes to provisions and property, plant and equipment both in the preliminary balance sheet of TGC-10 as of 31 March and the purchase price allocation. The Fortum Q3 2008 Interim report includes income statement effect from TGC-10 from 1 April 2008.

MEUR	TGC-10
Purchase consideration	
Cash paid	2 509
Direct costs relating to the acquisition	8
Total purchase consideration	2 517
Fair value of the acquired assets	2 178
Goodwill	339

Fair value of the acquired net identifiable assets:	Acquired Book Values	Allocated Fair Values	Total Value
Cash and cash equivalents	1 321		1 321
Property, plant and equipment	590	1 039	1 629
Other assets	220		220
Non-interest-bearing liabilities	-128	-395	-523
Interest-bearing liabilities	-274		-274
Net identifiable assets	1 729	644	2 373
Minority interests	-116	-79	-195
Total	1 613	565	2 178

Gross investment in TGC-10:	
Purchase consideration settled in cash	2 517
Cash and cash equivalents in subsidiaries acquired	1 321
Cash outflow on acquisition	1 196
Interest-bearing debt in subsidiaries acquired	274
Total	1 470

8. EXCHANGE RATES

The balance sheet date rate is based on exchange rate published by the European Central Bank for the closing date. The average exchange rate is calculated as an average of each months ending rate from the European Central Bank during the year and ending rate previous year.
Key exchange rates for Fortum Group applied in the accounts:

Average rate	**Sept 30 2008**	June 30 2008	March 31 2008	Dec 31 2007	Sept 30 2007	June 30 2007	March 31 2007
Sweden (SEK)	**9.4559**	9.4088	9.4265	9.2475	9.2185	9.2020	9.1787
Norway (NOK)	**8.0187**	7.9843	7.9998	8.0253	8.0466	8.1205	8.1563
Poland (PLN)	**3.4402**	3.4926	3.5676	3.7792	3.8285	3.8439	3.8858
Russia (RUB)	**36.5670**	36.6348	36.4660	35.0759	34.8320	34.6997	34.5633

Balance sheet date rate	**Sept 30 2008**	June 30 2008	March 31 2008	Dec 31 2007	Sept 30 2007	June 30 2007	March 31 2007
Sweden (SEK)	**9.7943**	9.4703	9.3970	9.4415	9.2147	9.2525	9.3462
Norway (NOK)	**8.3330**	8.0090	8.0510	7.9580	7.7185	7.9725	8.1190
Poland (PLN)	**3.3967**	3.3513	3.5220	3.5935	3.7730	3.7677	3.8668
Russia (RUB)	**36.4095**	36.9477	37.1130	35.9860	35.3490	34.8070	34.6580

9. INCOME TAX EXPENSE

Tax rate according to the income statement for the period January to September 2008 was 20.6% (15.2%). The tax rate for the period is higher than in the comparable period 2007 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.
The tax rate used in the income statement is always impacted by the fact that share of profits of associates and joint ventures is recorded based on Fortum's share of profits after tax. The tax rate for the period calculated excluding the share of profits from associates and joint ventures was 22.0% (22.3%).
The tax rate for the full year 2007, excluding the share of profits from associates and Lenenergo sales gain was 22.3%.

10. EARNINGS PER SHARE

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

	Q1-Q3 2008	Q1-Q3 2007	2007
Earnings (MEUR):			
Profit attributable to the equity holders of the Company	**979**	1 184	1 552
Number of shares (thousands):			
Weighted average number of shares for the purpose of basic earnings per share	**887 241**	890 984	889 997
Effect of dilutive share options	**745**	1 831	1 398
Weighted average number of shares for the purpose of diluted earnings per share	**887 986**	892 815	891 395

11. DIVIDEND PER SHARE

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

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 was EUR 1,122 million based on the amount of shares registered as of 2 April 2007. The dividend was paid on 11 April 2007.

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

MEUR	**Sept 30 2008**	Sept 30 2007	Dec 31 2007
Opening balance	**11 428**	11 567	11 567
Increase through acquisition of subsidiary companies	**1 999**	16	16
Capital expenditures	**703**	382	654
Capitalised borrowing costs	**13**	0	1
Changes of nuclear asset retirement cost	**21**	23	25
Changes of emission rights	**-**	-9	-9
Disposals	**-4**	-10	-11
Depreciation, amortisation and impairment	**-383**	-336	-451
Translation differences	**-313**	-150	-364
Closing balance	**13 464**	11 483	11 428

13. CHANGES IN PARTICIPATIONS IN ASSOCIATES AND JOINT VENTURES

MEUR	**Sept 30 2008**	Sept 30 2007	Dec 31 2007
Opening balance	**2 853**	2 197	2 197
Share of profits of associates and joint ventures	**78**	223	241
Investments	**7**	-	1
Share issues and shareholders' contributions	**1**	245	294
Increase through acquisition of subsidiaries	**27**	-	-
Reclassifications	**-1**	-	-
Divestments	**-12**	-68	-68
Dividend income received	**-50**	-174	-178
Fair value and other changes in equity	**-517**	295	366
Translation differences	**-55**	37	
Closing balance	**2 331**	2 755	2 853

Share of profits from associates and joint ventures
Share of profits from associates in Q3 EUR 8 million (2007: 6 million) mainly represents Fortum's share of profits in Hafslund EUR 7 million (2007 : 8 million) and TGC-1 EUR 1 million. Fortum's share of profits for Q1-Q3 amounts to EUR 78 million (2007: 223 million), of which Hafslund represents EUR 46 million (2007: 207 million). See below for accounting principles.

Investments
In Lithuania, Fortum acquired a 14.73% share in UAB Klaipedos Energija from Stadtwerke Leipzig GmbH on 29 February 2008. Fortum now owns a 19.63% share of the company. UAB Klaipedos Energija generates and distributes district heat to the residents and industries in the cities of Klaipeda and Gargzdai. The net sales of the company are around EUR 27 million, annual heat sales 1 terawatthour (TWh) and power sales 20 gigawatthours (GWh). The investment was EUR 7 million. The main part of the EUR 245 million investment in 2007 represents the share issue in TGC-1 with EUR 243 million.

Increase through acquisition of subsidiaries
Through the acquisition of TGC-10 in the end of March 2008, Fortum acquired a shareholding in Kurgan Generating Company.

Divestments
In Q3 2008 Fortum sold its 50% shareholding in Panjin Liaohe Fortum Thermal Power Company Co in China. In Q3 2007 Fortum sold its slightly over 1/3 stake in JSC Lenenergo for approximately EUR 295 million. The sales gain of EUR 232 million is presented in Other income.

Dividends received
Until Q3 2008 Fortum has received EUR 40 million in dividends from Hafslund and Gasum. Until Q3 2007 Fortum received EUR 174 million in dividends from associates, of which EUR 145 million from Hafslund following Hafslund's divestment of REC shares in March 2007

Fair value and other changes in equity
Fair value and other changes in equity mainly represents the fair value change in Hafslund's shareholding in REC. In Q3 the fair value change of the REC shares was EUR -90 million (2007: 79 million). The fair value change of the REC shares since year-end was EUR -527 million (2007: 292 million).

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 2008 results on 28 October 2008.

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. In Fortum the same accounting treatment as relates to REC applies to Hafslund's shareholding in Fesil Holding AS.

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 EUR 266 million at 30 September 2008, which represents a decrease with EUR 527 milion from 31 December 2007.

Hafslund accounted for a value growth in Q2 2008 after establishing a new ownership structure in Fesil Holding AS. The share of this value growth EUR 12 million has been recorded directly to equity in Q3 2008 in Fortum.

Accounting for the share of profits from TGC-1
Fortum ownes 25.7% of the shares in Territorial Generating Company 1, TGC-1. TGC-1 was formed in late 2006 by mergers of several Russian companies. TGC-1 has published IFRS 2007 Financial statements in June 2008. Fortum has in Q2 2008 reporting started to account TGC-1 according to the equity method as TGC-1 prepares IFRS financial statements annually. The share of profits will be accounted for once a year in Q2 based on published IFRS Financial Statements for the previous year.

14. SHARE CAPITAL

MEUR	**Number of shares Sept 30 2008**	**Share capital Sept 30 2008**	Number of shares Sept 30 2007	Share capital Sept 30 2007	Number of shares Dec 31 2007	Share capital Dec 31 2007
Registered shares at 1 January	**886 683 058**	**3 040**	887 393 646	3 023	887 393 646	3 023
Shares subscribed with options and registered at the end of the period	**834 372**	**3**	4 725 280	16	5 199 412	17
Cancellation of own shares	-	-	-	-	-5 910 000	-
Registered shares at the end of the period	**887 517 430**	**3 043**	892 118 926	3 039	886 683 058	3 040
Unregistered shares	**3 000**		**-**		50 000	

15. INTEREST-BEARING NET DEBT

The reported interest-bearing liabilities increased during the quarter by EUR 198 million from EUR 7,501 million to EUR 7,699 million. The increase in interest –bearing liabilities during Q3 was linked to the execution of the mandatory public tender offer (MTO) of TGC-10, which was financed by drawings under existing Revolving Credit Facility. By end of September Fortum has paid EUR 440 million under the MTO. No major new financing transactions were made in the Group during the third quarter.

During the third quarter total liquid funds have decreased by EUR 68 million from EUR 1,247 million to EUR 1,179 million including cash and bank deposits held by TGC-10 amounting to EUR 1,109 million. The funds in TGC-10 are committed to the investment program (see further in the Acquisition of TGC-10, note 7). The liquid funds of EUR 1,179 million consist of cash EUR 663 million (including bank deposits less than three months to maturity) and bank deposits EUR 516 million (over three months to maturity).

During the first quarter of 2008 Fortum raised a syndicated loan facility of EUR 3,500 million. The loan facility is structured as a 3 year term loan of EUR 2,000 million to be used for acquisition financing of TGC-10, and as a 5 year revolving credit facility of EUR 1,500 million to be used for general corporate purposes. As per the end of the third quarter EUR 2, 500 million of these facilities was drawn. Fortum total undrawn committed credit facilities were EUR 2.4 bn as end of September 2008.

On September 30, 2008 the average duration of the debt portfolio including derivatives was 1.7 years (2007; 1.3 years) and the average interest rate of loans and derivatives was 5.3 % (2007; 4.4%). Approximately 74% (2007; 67 %) was on floating rate basis or will be refinanced during the coming 12 months

16. NUCLEAR RELATED ASSETS AND LIABILITIES

MEUR	**Sept 30 2008**	Sept 30 2007	Dec 31 2007
Carrying values in the balance sheet:			
Nuclear provisions	**561**	510	516
Share in the State Nuclear Waste Management Fund	**561**	510	516
Legal liability and actual share of the State Nuclear Waste Management Fund:			
Liability for nuclear waste management according to the Nuclear Energy Act	**816**	685	816
Funding obligation target	**698**	649	698
Fortum's share of the State Nuclear Waste Management Fund	**698**	649	673

Nuclear related provisions

Fortum has submitted the yearly proposal for the nucelar waste management liability regarding the Loviisa nuclear power plant to the Ministry of Employment and the Economy. The liability is calculated according to the Nuclear Energy Act and will be decided by Ministry of Employment and the Economy by the end of January 2009. The proposal is based on an updated cost estimate, which is done every year, and on a technical plan, which is made every third year and was updated last time in 2007. The future costs are estimated to increase mainly due to the new limits for free release of materials set by authorities (STUK) which has caused larger scope for future decommissioning of the nuclear power plant.

The legal liability at the end of 2008, based on the proposal to the Ministry of Employment and the Economy and calculated according to the Nuclear Energy Act, is EUR 895 million. The provision in the balance sheet related to nuclear waste management is based on cash-flows for future costs which uses the same basis as the legal liability. The carrying value of the nuclear provision, calculated according to IAS37, have increased by EUR 33 million compared to 30 June 2008, totalling EUR 561 million as of 30 September 2008. 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.

Fortum's share in the State Nuclear Waste Management Fund

Fortum contributes funds to the State Nuclear Waste Management Fund based on the yearly funding obligation target decided by the governmental authorities in January eac year in connection with the decision of size of the legal liability. The estimated funding obligation target based on the proposed legal liability and approved periodising of the payments to the Fund is EUR 767 million. The fund is from an IFRS perspective overfunded with EUR 137 million, since Fortum's share of the Fund as of 30 September 2008 is EUR 698 million and the carrying value in the balance sheet is EUR 561 million.

Effects to comparable operating profit and operating profit

Following the updated cost estimate, Fortum had in Q3 2008 a one-time effect to Comparable operating profit of EUR -3 million in the Power Generation segment mainly due t higher nuclear waste management costs related to already spent fuel. In Q3 2007 a one-time effect of EUR - 13 million was reported following the update of technical plan. Any costs increase which is related to already spent fuel is always recognised immediately in Comparable operating profit.

Operating profit in Power Generation segment is affected by the accounting principle for Fortum's share of the Finnish Nuclear Waste Management Fund, since the carrying value of the Fund in Fortum's balance sheet can maximum be equal to the amount of the provisions according to IFRS. As long as the Fund is overfunded from an IFRS perspective, the effects to operating profit from this adjustment will be positive if the provisions increase more than the Fund and negative if actual value of the fund increases more than the provisions. This accounting effect is not included in Comparable operating profit in Fortum financial reporting, see Other items effecting comparability in Note 4 and 5. Fortum had an effect from this adjustment in Q3 2008 of EUR +10 million compared to EUR +33 million in Q3 2007. The cumulative effect in 2008 up to September 2008 was EUR -7 million compared to EUR +24 million in 2007.

Associated companies

As disclosed in the Financial Statement 2007, Fortum has not been able to account for the nuclear related assets and provisions according to Fortum accounting principles for its Swedish nuclear associated companies, since the separate cash-flow information for the provisions is not available.

17. PLEDGED ASSETS

MEUR	**Sept 30 2008**	Sept 30 2007	Dec 31 2007
On own behalf			
For debt			
Pledges	**231**	219	170
Real estate mortgages	**138**	141	138
For other commitments			
Real estate mortgages	**206**	103	103
On behalf of associated companies and joint ventures			
Pledges and real estate mortgages	**3**	3	3

Pledged assets for debt
Finnish participants in the State Nuclear Waste Management Fund are allowed to borrow from the Fund. In Q1 2008 Fortum increased the reborrowing from the Fund (see Note 15) and therefore pledged additional Kemijoki shares as a security. The total amount of shares pledged, have a carrying value of EUR 208 million (145 million) as of 30 September 2008 (and 31 December 2007 respectively).

Pledged assets for other commitments
Fortum has given real estate mortgages in Naantali and Inkoo power plants in Finland, total value of EUR 206 million, as a security to the State Nuclear Waste Management Fund for the uncovered part of the legal liability, uncertainties and unexpected events.

The size of the securities given is updated yearly in Q2 based on the decisions regarding the legal liabilities and the funding target which takes place around year-end every year. The amount of real estate mortgages given as a security have increased with EUR 103 million during Q2 2008.

18. COMMITMENTS

MEUR	**Sept 30 2008**	Sept 30 2007	Dec 31 2007
Operating lease commitments			
Due within a year	**24**	20	21
Due after one year and within five years	**41**	29	31
Due after five years	**90**	71	69
Total	**155**	120	121

Capital commitments for the purchase of property, plant and equipment and intangible assets amounts to EUR 1,418 million as at 30 September 2008 (EUR 436 million at year end 2007).

19. CONTINGENT LIABILITIES

MEUR	**Sept 30 2008**	Sept 30 2007	Dec 31 2007
On own behalf			
Other contingent liabilities	**858**	224	224
On behalf of associated companies and joint ventures			
Guarantees	**620**	239	235
Other contingent liabilities	**125**	125	125
On behalf of others			
Guarantees	**10**	13	10
Other contingent liabilities	**1**	1	1

Other contingent liabilities on own behalf, EUR 858 million, have increased with EUR 634 million since 31 December 2007. The main reason for the increase is that Fortum has given a guarantee to cover payments relating to the mandatory public tender offering for TGC-10. The guarantee expires at year-end 2008.

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

The guarantee given on behalf of Teollisuuden Voima Oy (TVO) to the Finnish fund has increased from EUR 32 million at year-end 2007 to EUR70 million during Q2 2008. The size of the guarantee is updated yearly in Q2, based on the decisions regarding legal liability and the funding target which takes place around year-end.

In Sweden, Fortum has given guarantees on behalf of Forsmarks Kraftgrupp AB and OKG AB to the Swedish fund. Starting on 1 January 2008, a new law applies for financing of future fees to the fund for spent nuclear fuel and decommisioning of the plant. Following the implementation of the new law, the total amount of guarantees relating to nuclear waste management in Sweden have increased from SEK 1 841 million (EUR 188 million) at year-end 2007 to SEK 5 314 million (EUR 543 million) during Q2 2008. This amount will also apply for 2009.

20. LEGAL ACTIONS AND OFFICIAL PROCEEDINGS

In March the Finnish Market Court decision overruled the conditional decision given by the Finnish Competition Authority in June 2006 on the acquisition of E.ON Finland. In their ruling, the Market Court stated that the Finnish Competition Authority had no grounds for setting conditions, because Fortum cannot be condidered to have a dominant position in the power generation and wholesale market. According to the Market Court, the relevant geographical market area in power generation and wholesale consist of at least Finland and Sweden. The Finnish Competition authority has appealed the decision to the Supreme Administrative Court.

21. RELATED PARTY TRANSACTIONS

Related party transactions are described in the annual financial statements as of the year ended 31 December 2007. No material changes have occurred during the period.

The Finnish State owned 50.86% of the shares in Fortum 31 December 2007. After the changes in amount of shares during 2008 increase in amount of shares due to the share subscriptions under the option schemes, the Finnish state owned 50.81 % of the Company's shares at 30 September 2008.

ASSOCIATED COMPANY TRANSACTIONS

MEUR	**Q1-Q3 2008**	Q1-Q3 2007	2007
Sales to associated companies	**84**	99	129
Interest on associated company loan receivables	**26**	19	26
Purchases from associated companies	**405**	372	519

ASSOCIATED COMPANY BALANCES

MEUR	**Sept 30 2008**	Sept 30 2007	Dec 31 2007
Long-term interest-bearing loan receivables	**681**	629	636
Trade receivables	**16**	11	17
Other receivables	**8**	6	7
Long-term loan payables	**184**	172	171
Trade payables	**11**	8	25
Other payables	**33**	20	53

TRANSACTIONS AND BALANCES WITH JOINT VENTURES

Transactions and balances with joint ventures as at and for the period ended 30 September 2008 are not material for the Group.

22. EVENTS AFTER THE BALANCE SHEET DATE

Norwegian Renewable Energy Corporation (REC) is partly owned by Fortum's associated company Hafslund ASA. Fortum shows the fair value changes of REC in equity. At end of September the cumulative fair value change booked in Fortum's equity was EUR 266 million. REC's share price has decreased since the end of September. Based on REC's closing price on 20 October the cumulative fair value change in Fortum's equity would have been EUR 225 million.

Fortum is participating in the project to build the fifth Finnish nuclear power unit (Olkiluoto 3) with a share of approximately 25%. Teollisuuden voima (TVO), the company that is building and owns the unit, has received new schedule information from the supplier (consortium Areva-Siemens). Based on the new information, TVO currently estimates that the start-up of the plant may be postponed until 2012, while it was earlier anticipated to take place during 2011. TVO has also stated that it has a fixed-price plant supply contract and that it is not in a process of agreeing with the plant supplier on sharing the consortium's losses, contrary to the information presented in media.

On 21 October, Fortum and Jyväskylän Energia agreed that Fortum will sell its 60% ownership in Jyväskylän Energiantuotanto Oy to Jyväskylän Energia. The transaction and related arrangements will take effect on 1 January 2009. The transaction means that ownership of a CHP plant with 115 MW electricity, 610 MW district heating and 110 MW process steam capacity, and also the plant site will be transferred to Jyväskylän Energia. The value of the shares sold to Jyväskylän Energia is approximately EUR 40 million. The sales gain from the transaction will be booked in Heat segment's fourth quarter operating profit.

FORTUM GROUP
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23. DEFINITION OF KEY FIGURES

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