Fortum Corporation

Financial Statements
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Fortum Corporation
Domicile Espoo
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Overall good year in a challenging environment

October - December 2011

- Comparable operating profit EUR 508 (541) million, -6%
- Earnings per share EUR 0.47 (0.26), +81%
- Cash flow from operating activities was strong and reached EUR 472 (221) million, +114%
- Nordic spot prices clearly lower compared to previous year
- Biggest storm in 30 years in Finland; Distribution's cost estimate defined to EUR 57 million

January - December 2011

- Comparable operating profit EUR 1,802 (1,833) million, -2%
- Earnings per share EUR 1.99 (1.46), +36%
- Financial position remained strong
- The Board proposes a dividend of EUR 1.00 per share

Key figures	IV/11	IV/10	2011	2010
Sales, EUR million	1,667	1,902	6,161	6,296
Operating profit, EUR million	579	321	2,402	1,708
Comparable operating profit, EUR million	508	541	1,802	1,833
Profit before taxes, EUR million	532	285	2,228	1,615
Earnings per share, EUR	0.47	0.26	1.99	1.46
Net cash from operating activities, EUR million	472	221	1,613	1,437
Shareholders' equity per share, EUR			10.84	9.24
Interest-bearing net debt (at end of period), EUR million			7,023	6,826
Average number of shares, 1,000s			888,367	888,367

Key financial ratios	2011	2010
Return on capital employed, %	14.8	11.6
Return on shareholders' equity, %	19.7	15.7
Net debt/EBITDA	2.3	3.0
Comparable net debt/EBITDA	3.0	2.8

Outlook

- Fortum currently expects that the annual electricity demand growth in the Nordic countries will be about 0.5% in the coming years.
- Power Division's Nordic generation hedges: For the calendar year 2012, 65% at EUR 48 per MWh. The corresponding figures for the 2013 calendar year are 40% at EUR 46 per MWh.

Fortum's President and CEO Tapio Kuula

Year 2011 was exceptional in many respects. The earthquake followed by a tsunami in Japan, the ongoing financial crisis in Europe and the unstable situation in the Middle East, all have had implications to the energy sector, which is becoming more and more exposed to global phenomena.

The underlying fundamentals for energy demand and the strengthening role of electricity have not changed - the mitigation of climate change is and will stay as one of the biggest global challenges. Fortum therefore highlights the role of CO2-free electricity in moving towards a Solar Economy. The company also strives for balanced management of economic, social and environmental responsibility. In the area of economic responsibility, the aim is to create long-term economic value, enable sustainable profitable growth, generate added value for shareholders and customers, while at the same time ensuring a safe working environment for all employees and contractors at Fortum sites.

During the fourth quarter, electricity demand decreased in the Nordic countries, but increased somewhat in Russia compared to the same period in 2010. Overall, operating profit and cash flow were good.

The storm on 26 December, the strongest in 30 years in Finland, and the smaller storm on the following day caused major damage to Fortum's electricity distribution grid mainly in southern, western and south-western Finland. We regret that, at the worst point, more than 190,000 Fortum customers in Finland were simultaneously without electricity. In addition to Finland, the storms caused some power outages and damage also in Sweden. A key priority as a part of customer service for the Distribution business area is to increase security of supply in extreme weather conditions, especially by underground cabling the electricity grid as well as maintaining the existing grid.

During 2011, Fortum succeeded in achieving operational enhancements and the company continued with investments in order to support its long-term goals. Some highlights of the year in the different divisions were the following.

In the Power Division, preparation for the tender process for hydropower concessions in France started. We continued to invest in the development of wave and solar power. In addition, focus was on safety and nuclear-related R&D projects. Post Fukushima, the Finnish nuclear safety authority (STUK) carried out an additional evaluation of nuclear power plant safety in cases of power loss, exceptional weather and environmental conditions. The safety assessments made in Finland showed that Loviisa and Olkiluoto nuclear power plants are safe and, in particular, Loviisa's safety margin is sufficient. The Swedish nuclear safety authority (SSM) carried out corresponding safety evaluations in Sweden. The outcome of the evaluations in Sweden was in line with the assessments made in Finland.

The Heat Division inaugurated a new biomass-fired CHP (combined heat and power) plant in Pärnu in Estonia. Several new CHP plants are under construction in the Baltic region, Finland and Sweden, e.g. Klaipeda, Jelgava, Järvenpää, Brista 2. In addition, two companies were acquired in Poland and new pricing solutions to customers were launched in Finland and Sweden. Fortum also finalised the divestment of its district heat operations and heat production facilities outside the Stockholm area in Sweden.

In the Russia Division, where new capacity will be the key driver for positive economic added value, the ongoing investment programme continued to proceed well. A new unit at Chelyabinsk, as well as two new units in Tyumen and Tobolsk, were commissioned. Construction of the Nyagan power plant continued, and the Ring project to increase energy efficiency in Chelyabinsk, was started.

In the Electricity Solutions and Distribution Division, the rollout of smart metering to the network customers in Finland started, and in Sweden Fortum's grids were opened to enable customers to sell their own produced electricity.

I feel confident that Fortum is well prepared going into 2012, and I would like to thank all employees for their efforts and commitment during 2011.

Financial results

October - December

In October – December, Group sales were EUR 1,667 (1,902) million. Group operating profit totalled EUR 579 (321) million. Fortum's operating profit for the fourth quarter of 2011 was affected by a EUR 72 (-221) million IFRS accounting treatment (IAS 39) of derivatives mainly used for hedging Fortum's power production. The comparable operating profit, which was not impacted by the accounting treatment, totalled EUR 508 (541) million.

Non-recurring items, mark-to-market effects and nuclear fund adjustments in the fourth quarter of 2011 amounted to EUR 71 (-220) million.

The share of profits from associates in the fourth quarter was EUR 19 (21) million. The share of profits from Hafslund and TGC-1 are based on the companies' published third-quarter interim reports. (Note 14)

Sales by division

EUR million	IV/11	IV/10	2011	2010
Power	654	752	2,481	2,702
Heat	478	598	1,737	1,770
Russia	274	254	920	804
Distribution*	244	287	973	963
Electricity Sales*	205	529	900	1,798
Other	32	7	108	51
Netting of Nord Pool transactions	-134	-528	-749	-1,736
Eliminations	-86	3	-209	-56
Total	1,667	1,902	6,161	6,296

* Part of the Electricity Solutions and Distribution Division

Comparable operating profit by division

EUR million	IV/11	IV/10	2011	2010
Power	351	336	1,201	1,298
Heat	96	122	278	275
Russia	35	17	74	8
Distribution*	49	91	295	307
Electricity Sales*	2	3	27	11
Other	-25	-28	-73	-66
Total	508	541	1,802	1,833

* Part of the Electricity Solutions and Distribution Division

Operating profit by division

EUR million	IV/11	IV/10	2011	2010
Power	443	129	1,476	1,132
Heat	100	124	380	303
Russia	35	16	74	53
Distribution*	41	93	478	321
Electricity Sales*	-6	40	3	46
Other	-34	-81	-9	-147
Total	579	321	2,402	1,708

* Part of the Electricity Solutions and Distribution Division

January - December

In 2011, Group sales were EUR 6,161 (6,296) million. Group operating profit totalled EUR 2,402 (1,708) million. Fortum's operating profit for the period was affected by a EUR 344 (-216) million IFRS accounting treatment (IAS 39) of derivatives mainly used for hedging Fortum's power production. The comparable operating profit, which was not impacted by the accounting treatment, totalled EUR 1,802 (1,833) million.

Non-recurring items, mark-to-market effects and nuclear fund adjustments amounted to EUR 600 (-125) million in 2011. Changes in fair values of derivatives hedging future cash flow accounted for EUR 344 (-216) million. Non-recurring items totalled EUR 284 (93) million, which mainly relates to the divestment of shares in Fingrid Oyj and the divestment of district heat operations and production facilities outside Stockholm. (Note 4)

The average Swedish krona (SEK) rate was approximately 6% stronger against the euro than in 2010. The strong SEK during the first half of the year also had a negative impact on the cash flow.

The share of profits of associates and joint ventures was EUR 91 (62) million. The improvement from last year was mainly due to the improvement in the contribution from TGC-1 and Hafslund ASA.

The Group's net financial expenses increased to EUR 265 (155) million. The increase is attributable to higher interest expenses, mainly due to higher SEK interest rates and to higher average net debt in 2011 than in 2010. Net financial expenses were positively affected by changes in the fair value of financial instruments of 5 (12) million.

Profit before taxes was EUR 2,228 (1,615) million.

Taxes for 2011 totalled EUR 366 (261) million. The tax rate according to the income statement was 16.4% (16.2%). The tax rate excluding the tax rate change in Finland, the impact of share of profits of associated companies and joint ventures as well as non-taxable capital gains was 21.4% (2010: 17.7%). In Finland, the corporate tax rate was decreased to 24.5% from 26% starting 1 January 2012. In 2011, the one-time positive effect from the tax rate change is approximately EUR 29 million due to deferred taxes.

The profit for the period was EUR 1,862 (1,354) million. Fortum's earnings per share were EUR 1.99 (1.46). The effect on earnings per share by the accounting treatment of derivatives was EUR 0.29 (-0.18).

Non-controlling (minority) interests amounted to EUR 93 (54) million. These are mainly attributable to Fortum Värme Holding AB, in which the city of Stockholm has a 50% economic interest. The increase in 2011, compared to 2010, is mainly due to the minority's share, EUR 32 million, of the gain recognised in the first quarter from the divestment of Fortum Värme's heat businesses outside the Stockholm area.

Cash flow from operating activities totalled EUR 1,613 (1,437) million. It was affected by the realised foreign exchange gains and losses, which amounted to EUR -239 (-535) million in 2011. The negative currency impact occurred during the first quarter. The foreign exchange gains and losses relate to the rollover of foreign exchange contracts hedging loans to Fortum's Swedish subsidiaries.

Fortum's key financial ratios for 2011 were: return on capital employed 14.8% (11.6% at the end of 2010), return on shareholders' equity 19.7% (15.7% at the end of 2010) and net debt to EBITDA 2.3 (3.0 at the end of 2010). The comparable net debt to EBITDA for 2011 was 3.0.

Financial position and cash flow

Cash flow

In 2011, total net cash from operating activities increased by 12% to EUR 1,613 (1,437) million. The major part of the increase was attributable to lower foreign exchange losses in cash flow, EUR 296 million, offset by higher paid interest costs and taxes. Capital expenditures in cash flow increased by EUR 151 million to EUR 1,285 (1,134) million. Acquisitions of shares totalled EUR 62 (28) million. Proceeds from sales of fixed assets and divestments of shares totalled EUR 507 (154) million including EUR 325 million from the divestment of Fingrid shares, and EUR 111 million related to divestment of the district heat operations and heat production facilities outside Stockholm. Part of the sales price related to the heat divestment, approximately EUR 90 million, is included in the change of interest bearing receivables in cash flow. Cash flow before financing activities, i.e. dividend distributions and financing, increased by EUR 453 million to EUR 788 (335) million. Dividends paid in both 2011 and 2010 totalled EUR 888 million.

Assets and capital employed

Total assets increased by EUR 1,034 million to EUR 22,998 (21,964) million. Non-current assets increased by EUR 775 million. A major part, EUR 613 million, came from increase in property plant and equipment, which totalled EUR 15,234 (14,621) million. The increase in current assets was EUR 259 million, totalling EUR 2,788 million. Fair value of derivative financial instruments in non-current and current assets increased by a total of EUR 391 million. Capital employed was EUR 17,931 (16,124) million, an increase of EUR 1,807 million. The increase was due to higher amount of total assets amounting to EUR 1,034 million, decrease of derivative financial liabilities amounting to EUR 1,034 million, and increase in deferred tax liabilities amounting to EUR 288 million. The increase in deferred tax liabilities is mainly related to change in derivative liabilities.

Equity

Total equity was EUR 10,161 (8,742) million, of which equity attributable to owners of the parent company totalled EUR 9,632 (8,210) million and non-controlling interests EUR 529 (532) million. The increase in equity attributable to owners of the parent company totalled EUR 1,422 million, and arose mainly from net profit for the period amounting to EUR 1,769 million, and from the effect from cash flow hedges totalling EUR 555 million netted by dividends of EUR 888 million.

Financing

Net debt increased during the fourth quarter by EUR 94 million to EUR 7,023 million (year-end 2010: EUR 6,826 million).

Net debt to EBITDA for 2011 was 2.3 (3.0 at year-end 2010) and comparable net debt to EBITDA 3.0 (2.8 at year-end 2010).

At the end of the year, the Group’s liquid funds totalled EUR 747 million (year-end 2010: EUR 556 million). Liquid funds include cash and bank deposits held by OAO Fortum amounting to EUR 211 million (year-end 2010: EUR 348 million). In addition to the liquid funds, Fortum had access to approximately EUR 2.7 billion of undrawn committed credit facilities.

The Group's net financial expenses in 2011 were EUR 265 (155) million. The increase in financial expenses is mainly attributable to higher market interest rates and higher average net debt in 2011. Net financial expenses also include changes in the fair value of financial instruments of EUR 5 (12) million.

On 11 July, Fortum Oyj (Corporation) signed a new 5-year syndicated revolving credit facility of EUR 2.5 billion, replacing existing syndicated revolving credit facilities of EUR 1.2 billion maturing in November 2011 and EUR 1.5 billion maturing in March 2013. After this refinancing, the total amount of undrawn committed credit facilities, including overdrafts, is approximately EUR 2.7 billion.

In December, S&P revised its outlook rating for Fortum Corporation from (stable) to (negative), but at the same time affirmed the (A) long-term rating. Fortum Corporation's long-term credit rating from Moody's, A2 (stable), remained unchanged.

Key figures

Net debt to EBITDA for 2011 was 2.3 (3.0 at year-end 2010) and comparable net debt to EBITDA 3.0 (2.8 at year-end 2010). Gearing was 69% (78) and the equity-to-assets ratio 44% (40). Return on capital employed was 14.8% (11.6) and return on equity 19.7% (15.7). Equity per share was EUR 10.84 (9.24).

Market conditions

Nordic countries

The fourth quarter in 2011 started with the Nordic water reservoir levels slightly above the long-term average, and the reservoir levels continued to rise with both the temperature and the precipitation above the long-term average for the quarter. The Nordic electricity prices were below the Continental prices during the quarter, resulting in a nearly constant export of electricity from the Nordic area to the Continent.

According to preliminary statistics, the Nordic countries consumed 100 (115) terawatt-hours (TWh) of electricity in the fourth quarter of 2011, which is 13% less than the year before, and 382 (403) TWh in 2011, which is 5% less than in 2010. The decrease was mainly due to warmer weather: the fourth quarter was historically warm, up to 8 degrees warmer than the year before. In the latter half of 2011, industrial electricity consumption also declined from the year before.

At the beginning of 2011, the Nordic water reservoirs were 54 TWh, which is 29 TWh less than the long-term average. By the beginning of the fourth quarter of 2011, the reservoirs had increased to 3 TWh above the long-term average. At the end of the quarter, the Nordic water reservoirs were 12 TWh above the long-term average and 41 TWh above the corresponding level in 2010. In 2011, the Nordic inflow was approximately 20% higher than during an average year.

During the fourth quarter, the average system spot price for electricity in Nord Pool was EUR 34.2 (62.1) per megawatt-hour (MWh). The area prices in Finland and Sweden were both above the system price, in Finland at 37.4 (66.5) per MWh and in Sweden at 35.7 (66.6) per MWh. The difference was highest in the beginning of the quarter, due to the continuously high water reservoir levels in Norway, but the difference gradually decreased towards the end of the quarter as a new 800- megawatt (MW) transmission cable between Sweden and Finland was taken into use.

In 2011, the average system spot price for power in Nord Pool was EUR 47.1 (53.1) per MWh. The Finnish and Swedish area prices were above the system price level, at EUR 49.3 (56.6) per MWh in Finland and EUR 47.9 (56.8) per MWh in Sweden. In Germany the average spot price during the year was EUR 51.1 (44.5) per MWh.

On 1 November 2011, the transition from one to four bidding areas in the Swedish electricity spot market was implemented, resulting in several spot prices for Sweden. In the average prices presented above, the price of the Stockholm (SE3) bidding area has been applied for the period when a single price for Sweden was no longer available.

Russia

According to preliminary statistics, Russia consumed 279 (277) TWh of electricity during the fourth quarter of 2011. The corresponding figure in Fortum's operating area in the First price zone (European and Urals part of Russia) was 207 (205) TWh.

In 2011, Russia consumed approximately 1,020 (1,006) TWh of electricity. The corresponding figure in the First price zone was 760 (746) TWh.

OAO Fortum operates in the Tyumen and Chelyabinsk areas. In the Tyumen area, where industrial production is dominated by the oil and gas industries, electricity demand in the fourth quarter 2011 increased by approximately 0.1% compared to the same period in 2010. In the Chelyabinsk area, which is dominated by the metal industry, electricity demand increased by approximately 2.5% in the fourth quarter compared to the same period of the previous year. The increase is mainly due to the recovery in industrial consumption. The annual increase in consumption in 2011 compared to 2010 was 3.3% in the Chelyabinsk area and 0.5% in the Tyumen area.

The average electricity spot price, excluding capacity price, in the First price zone increased 4% to RUB 918 (887) per MWh in the fourth quarter of 2011. The annual increase was 12.3% compared to 2010.

More detailed information about the market fundamentals is included in the tables at the end of the report (page 50).

Division reviews

Power

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

EUR million	IV/11	IV/10	2011	2010
Sales	654	752	2,481	2,702
- power sales	618	715	2,353	2,580
of which Nordic power sales*	570	536	2,041	2,035
- other sales	36	37	128	122
Operating profit	443	129	1,476	1,132
Comparable operating profit	351	336	1,201	1,298
Comparable EBITDA	379	362	1,310	1,398
Net assets (at period-end)			6,247	5,806
Return on net assets, %			24.6	19.5
Comparable return on net assets, %			19.9	22.3
Capital expenditure and gross investments in shares	48	35	148	122
Number of employees			1,847	1,819

Power generation by source, TWh	IV/11	IV/10	2011	2010
Hydropower, Nordic	6.4	6.0	21.0	22.0
Nuclear power, Nordic	6.7	5.4	24.9	22.0
Thermal power, Nordic	0.1	0.9	2.2	2.3
Total in the Nordic countries	13.2	12.3	48.1	46.3
Thermal power in other countries	0.3	0.3	1.2	1.1
Total	13.5	12.6	49.3	47.4

Nordic sales volumes, TWh	IV/11	IV/10	2011	2010
Nordic sales volume	13.6	13.7	50.0	51.5
of which Nordic power sales volume*	12.7	11.0	44.3	42.5

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

Sales price, EUR/MWh	IV/11	IV/10	2011	2010
Power's Nordic power price**	45.2	48.8	46.1	47.9

** Power's Nordic power price does not include sales income from thermal generation, market price-related purchases or minorities (i.e. Meri-Pori, Inkoo and imports from Russia).

October - December

The Power Division’s comparable operating profit in the fourth quarter was EUR 351 (336) million, EUR 15 million higher than in the corresponding period in 2010. Both hydro and nuclear volumes increased. Nuclear production improved, especially in Sweden, due to better availability and the difference in timing of planned outages compared to 2010. High water inflow and increased reservoir levels had a positive effect on the hydro generation. Thermal volumes were insignificant during the quarter. System and all area prices were clearly lower in Finland and Sweden compared to the same period in 2010. The Swedish area price was divided as of 1 November 2011 into four area prices. Fortum’s Power Division operates in the Sundsvall (SE2) and Stockholm (SE3) bidding areas.

The combined effect of increased nuclear and hydro volumes and lower achieved power price was positive and totalled approximately EUR 25 million. Operating costs decreased by approximately EUR 10 million, mainly due to lower costs related to Swedish nuclear power plants and a shorter outage in Loviisa. The increased Swedish property tax and the expired Russian power import contract decreased comparable operating profit for the quarter by approximately EUR 20 million compared to 2010.

In the fourth quarter, the division's total power generation in the Nordic countries was 13.2 (12.3) TWh, which corresponds to a 7% increase compared to the fourth quarter of 2010. Power’s achieved Nordic power price amounted to EUR 45.2 per MWh, which was EUR 3.6 per MWh lower than in the fourth quarter of 2010 mainly due to lower Finnish and Swedish area spot prices.

January - December

In 2011, the Power Division’s comparable operating profit was EUR 1,201 (1,298) million, EUR 97 million lower than in 2010. Low hydro volumes in the beginning of 2011 and the high comparison figure of 2010 resulted in 1-TWh lower hydro volumes comparing year on year. Nuclear volumes improved by 2.9 TWh, mainly due to improved availability in Sweden. The division’s achieved Nordic power price was EUR 1.8 per MWh lower than in 2010.

The comparable operating profit was impacted by several factors. The negative impact of the volume and price mix was approximately EUR 5 million. The SEK currency impact totalled approximately EUR -30 million. The increased Swedish property tax decreased profits by approximately EUR 17 million. In addition, the impact of the expired Russian power import contract was approximately EUR -40 million.

The division's total power generation in 2011 in the Nordic countries was 48.1 (46.3) TWh, which corresponds to a 4% increase compared to 2010. The share of CO2-free production was 93% (93%). In Sweden, nuclear availability improved, clearly increasing nuclear volumes. Hydro inflow and reservoir levels were at historically low levels at the beginning of the year, but improved throughout the period. Hydro production in 2011 was lower than in 2010 when hydro volumes were historically high. Hydro production availability remained at high level throughout the year. At the end of the year, the Nordic water reservoirs were 10 TWh above the long-term average.

In 2011, Power’s achieved Nordic power price amounted to EUR 46.1 per MWh, which was EUR 1.8 per MWh lower than in 2010, mainly due to lower area prices.

Fortum has two fully-owned reactors in Loviisa and is a co-owner in eight reactors at the Olkiluoto, Oskarshamn and Forsmark nuclear power plants.

In 2011, the availability at the Loviisa nuclear power plant was 94.3%, which is very high by international comparison. Forsmark’s production improved significantly, achieving availability of 86.2% and hence making 2011 the best year since 2005. Availability at the Oskarshamn plants improved, but was still not at a satisfactory level. Oskarshamn 1 was shut down at the end of October due to turbine vibrations that required an extensive turbine overhaul. The unit is expected to be back in operation at the beginning of February 2012. Oskarshamn 2 was started up from the annual outage at the end of October with turbine modifications and hence an 80-MW reduced output (full output is 590 MW). Oskarshamn 3 reached the new, increased reactor power level of 1,400 MW in September, but is operating at an approximately 100-MW reduced output until all tests have been completed.

In March, the Finnish Parliament approved a temporary renewal of the current Finnish Nuclear Liability Act introducing an approximately EUR 680 million compensation limit and unlimited third-party liability for the operator in case of a severe accident. This temporary revision came into force as of 1 January 2012 and will be valid until the renewed Paris and Brussels conventions are ratified. The increased compensation limit is fully insured by Fortum. The renewal has no material impact to Fortum’s financial results.

Post Fukushima, European-wide safety evaluations have been carried out. Along with those, the Finnish nuclear safety authority (STUK) carried out an additional evaluation of safety in cases of power loss, exceptional weather and environmental conditions. The Swedish nuclear safety authority (SSM) carried out corresponding safety evaluations in Sweden. Final national reports were submitted on 30 December 2011. The safety assessments showed that the Loviisa and Olkiluoto nuclear power plants are safe and, in particular, Loviisa’s safety margin is sufficient; no major new requirements or new threat factors or deficiencies requiring immediate safety improvements were identified in Finnish nuclear power plants. The outcome in the Swedish assessments was similar to the Finnish one. The European Commission will submit a consolidated report of the national reports to the European Council in June 2012. Fortum believes that some additional safety criteria could be introduced for new and existing nuclear power plants based on the evaluations.

Fortum’s preparations for the French hydro concession bidding progressed in 2011 and Fortum was incorporated in France with the establishment of Fortum France SNC.

Heat

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

EUR million	IV/11	IV/10	2011	2010
Sales	478	598	1,737	1,770
- heat sales	353	428	1,238	1,269
- power sales	82	129	342	368
- other sales	43	41	157	133
Operating profit	100	124	380	303
Comparable operating profit	96	122	278	275
Comparable EBITDA	145	172	471	462
Net assets (at period-end)			4,191	4,182
Return on net assets, %			9.9	8.4
Comparable return on net assets, %			7.4	7.7
Capital expenditure and gross investments in shares	136	117	329	305
Number of employees			2,504	2,394

October - December

Heat sales volumes during the fourth quarter of 2011 amounted to 6.5 (8.8) TWh. During the same period, power sales from combined heat and power (CHP) production totalled 1.5 (2.2) TWh.

The division's comparable operating profit in the fourth quarter was EUR 96 (122) million, EUR 26 million lower than in the corresponding period of 2010. The result decreased due to lower volumes, caused by historically high temperatures, and due to the Swedish divestment made in the beginning of 2011. In addition, the power price was lower than during the corresponding period in 2010.

January - December

Heat sales volumes in 2011 amounted to 22.6 (26.1) TWh and were mainly generated in the Nordic countries. During the same period, power sales volumes totalled 6.2 (6.5) TWh. New combined heat and power capacity, including also the acquisitions made in early 2011, was in use in Estonia and Poland. Volumes, however, decreased due to higher temperatures compared to 2010 and the divestment of district heat operations outside the Stockholm area in Sweden at the end of March.

The Heat Division's operating profit in 2011 totalled EUR 380 (303) million. The increase includes a gain of EUR 82 million from the divestment of heat business in Sweden recognised in the first quarter. The comparable operating profit in 2011 totalled EUR 278 (275) million. The increase was mainly due to enhanced availability and lower peak-load impact, which improved heat sales margins, and a positive SEK currency impact. Lower volumes, however, offset the improvement. Volumes decreased due to warm weather, lower power spot prices and the divestment of the district heat operations outside the Stockholm area in Sweden. In Finland, higher fuel costs reduced power margins.

In January, the old production line for city gas was closed and a new, more environmentally benign quality of gas was successfully introduced in the city gas network in Stockholm, Sweden. In addition, the first station for commercial biogas fuel for cars was opened at the Arlanda airport in Stockholm during the first quarter. In Finland, taxes on fuels for heat production were increased as of 1 January 2011. These increases were reflected in end-user prices for heat accordingly.

In May, Fortum started the construction of the first waste-fired CHP plant in the Baltic region. The plant will replace the gas-fired production plant in Klaipeda, Lithuania. The plant makes a positive environmental impact by reducing greenhouse gas emissions. Also in May, the proposal for competition in the district heating grid in Sweden – third party access – was presented by the authorities. Regarding district heating in the Stockholm area, the competition authority concluded in 2010 that the real price had decreased by 1.5% since 2005.

In the fourth quarter, the restructuring of the production company TSME (Turun Seudun Maakaasu ja Energiatuotanto Oy) progressed and the new shareholders agreement was signed in December 2011. TSME is a co-owned company that consolidates the energy production in the Turku region in Finland. Fortum also agreed to sell Fortum Energiaratkaisut Oy and Fortum Termest AS to the EQT Infrastructure Fund. The operation covers heat, steam and cooling business for SMEs and the services sector in Finland and Estonia. This business differs significantly from large-scale district heat production and CHP production, which are the focus of Fortum's strategy. The divestment is planned to be completed during the first quarter of 2012. In addition, new pricing solutions were launched during the fourth quarter to district heating customers in Sweden and Finland. Customers can now choose between different types of products. In addition, major reconstruction of the boiler at the waste-to-energy plant in Högdalen, Sweden, was completed and increased the capacity.

Heat sales by area, TWh	IV/11	IV/10	2011	2010
Finland	2.2	3.1	8.5	9.6
Sweden	2.5	3.7	8.5	10.9
Poland	1.5	1.4	4.3	4.0
Other countries	0.3	0.6	1.3	1.6
Total	6.5	8.8	22.6	26.1

Power sales, TWh	IV/11	IV/10	2011	2010
Total	1.5	2.2	6.2	6.5

Russia

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

EUR million	IV/11	IV/10	2011	2010
Sales	274	254	920	804
- power sales	161	150	590	505
- heat sales	110	98	324	287
- other sales	3	6	6	12
EBITDA	63	39	182	139
Operating profit	35	16	74	53
Comparable operating profit	35	17	74	8
Comparable EBITDA	50	40	148	94
Net assets (at period-end)			3,273	2,817
Return on net assets, %			3.5	2.4
Comparable return on net assets, %			3.5	0.7
Capital expenditure and gross investments in shares	208	257	694	599
Number of employees			4,379	4,294

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

The liberalisation of the Russian wholesale power market was completed by the beginning of 2011. However, all generating companies continue to sell a part of their electricity and capacity - equalling the consumption of households and a few special groups of consumers - under regulated prices. In 2011, OAO Fortum sold 85% of its power production at a liberalised electricity price.

The new rules for the capacity market starting from 2011 have been approved by the Russian Government. The generation capacity built after 2007 under the government capacity supply agreements (CSA – “new capacity”) receive guaranteed payments for a period of 10 years. Prices for capacity under CSA are defined to ensure a sufficient return on investments. Penalty clauses are included in the CSA agreement. At the time of the acquisition in 2008, Fortum made a provision for penalties caused by possible delays. These possible penalties can be claimed if the new capacity is delayed or if the agreed major terms of the capacity supply agreement are not otherwise fulfilled. This means that Fortum's risk for possible penalties under the CSA agreement is proportionally decreasing when a new unit starts its operation. The effect of changes in the timing of commissioning of new power plants is assessed at each balance sheet date and the provision is changed accordingly (see Note 18).

Capacity that is not under CSA participates in competitive capacity selection (CCS – “old capacity”). In December 2010, the first CCS for the year 2011 was held in accordance with the new rules of the capacity market. The new rules stipulate that capacity payments under CCS are made according to actual capacity instead of the previously used installed capacity. This decreased the old capacity payments for CHP power plants, especially during the summer period due to the temperature constraints. The capacity selection for 2012 was held in September 2011. The majority of Fortum’s power plants were selected in the auction, with a price level close to the level received in 2011. Approximately 4% (120 MW) of Fortum’s old capacity was not allowed to participate in the selection due to tightened minimal technical requirements. The capacity will, however, receive capacity payments at the average capacity market price for two additional years.

October - December

The Russia Division's power sales volumes amounted to 5.6 (4.9) TWh during the fourth quarter of 2011. Heat sales totalled 9.2 (9.0) TWh during the same period.

The Russia Division’s comparable operating profit was EUR 35 (17) million in the fourth quarter of 2011. The positive effect of commissioning the new units amounted to approximately EUR 15 million. The improvement was partly offset by lower availability of the new power units at the initial phase. In addition, decreased capacity payments and volumes for the old capacity totalled approximately EUR 8 million. A reversal of the CSA provision for the commissioned new unit in Tobolsk, including the effect of changes in the timing of commissioning of new power plants, improved the result by approximately EUR 12 million.

Key electricity, capacity and gas prices for OAO Fortum	IV/11	IV/10	2011	2010
Electricity spot price (market price), Urals hub, RUB/MWh	858	817	925	835
Average regulated gas price, Urals region, RUB/1000 m3	2,548	2,221	2,548	2,221
Average capacity price for CCS “old capacity”, tRUB/MW/month*	174	251	160	191
Average capacity price for CSA “new capacity”, tRUB/MW/month*	534	n/a	560	n/a
Average capacity price, tRUB/MW/month	246	251	209	191
Achieved power price for OAO Fortum, EUR/MWh	28.9	30.5	29.2	27.0

*Capacity prices paid for the capacity volumes excluding unplanned outages, repairs and own consumption

January - December

The Russia Division's power sales volumes amounted to 20.2 (18.7) TWh and heat sales to 26.7 (26.8) TWh in 2011.

The comparable operating profit was EUR 74 (8) million. The increase, mainly achieved due to the commissioning of the new power plant units in Tyumen, Chelyabinsk and Tobolsk, totalled approximately EUR 40 million. The improvement was partly offset by lower availability of the new power units at the initial phase. The heat business also contributed to the profit improvement. Lower old capacity income burdened the result by approximately EUR 5 million, as the new rules from 2011 stipulate that old capacity payments are made according to actual capacity (instead of the installed capacity, as was used in 2010). This decreased the old capacity payments for CHP power plants especially during the summer period due to the temperature constraints. In addition, higher fuel costs impacted the result negatively. A reversal of the CSA provision for already commissioned new units, including the effect of changes in the timing of commissioning of new power plants, improved the result for the year by EUR 34 million.

Upon completion, OAO Fortum's new capacity will be a key driver for solid earnings growth in Russia, as it will bring income from new volumes sold and will receive considerably higher capacity payments than the old capacity. However, the received payments differ depending on the age, location, type and size of the plant as well as seasonality and availability. The return for the new capacity is guaranteed. It can vary somewhat because it is linked to Russian Government long-term bonds with 8 to 10 years maturity. After completing the ongoing investment programme, Fortum targets a positive economic value added for the Russia Division.

Fortum is committed to its EUR 2.5 billion investment programme in Russia and the schedule of the programme is to commission the last new units in 2014. The value of the remaining part of the investment programme, calculated at the exchange rates prevailing at the end of December 2011, is estimated to be approximately EUR 0.9 billion as of January 2012.

Altogether, the investment programme consists of eight new power plant units. The first new unit started capacity sales at Tyumen CHP-1 in February. The second unit of Fortum’s extensive investment programme started capacity sales at the Chelyabinsk CHP-3 power plant at the beginning of June 2011 and the third new unit in Tobolsk on 1 October 2011.

Electricity Solutions and Distribution

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

Distribution

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

EUR million	IV/11	IV/10	2011	2010
Sales	244	287	973	963
- distribution network transmission	190	240	809	820
- regional network transmission	26	24	96	92
- other sales	28	23	68	51
Operating profit	41	93	478	321
Comparable operating profit	49	91	295	307
Comparable EBITDA	97	137	482	485
Net assets (at period-end)			3,589	3,683
Return on net assets, %			13.7	9.7
Comparable return on net assets, %			8.6	9.3
Capital expenditure and gross investments in shares	120	86	289	213
Number of employees			898	962

October - December

The volume of distribution and regional network transmissions during the fourth quarter of 2011 totalled 7.0 (8.3) TWh and 4.4 (4.7) TWh, respectively.

The Distribution business area's comparable operating profit was EUR 49 (91) million. The result decrease was due to very warm weather in November and December and especially the storm on 26 December in Finland and Sweden that accounted for a EUR 57 million negative impact on the comparable operating profit in the fourth quarter of 2011.

January - December

In 2011, electricity transmission via the regional network totalled 14.1 (14.8) TWh in Sweden and 2.6 (2.8) TWh in Finland.

The Distribution business area's operating profit was EUR 478 (321) million. Fortum booked a EUR 192 million gain on the divestment of its Fingrid shares in the second quarter. The comparable operating profit was EUR 295 (307) million. Improvements achieved through increased efficiency, lower cost of electricity grid losses and a strong SEK, was offset by post Christmas storms that accounted for a EUR 57 million negative impact on the comparable operating profit in the fourth quarter.

The rollout of smart metering to the network customers in Finland has proceeded according to plan; by the end of 2011, 160,000 customers had received meters. A total of approximately 580,000 customers will receive new meters before the end of 2013. Invoicing based on realised electricity consumption, a better control of the use of electricity and a platform for new services are some of the benefits of the new system with hourly measurement. The new Finnish legislation on hourly meter reading will become effective 1 January 2014. In Sweden, smart metering to customers has been completed earlier.

A new regulation on network income for Swedish electricity distribution has been passed, with the first regulation period being 2012-2015. The decision introduced among other things a transition rule over an 18-year period Fortum believes lacks legal ground. The Swedish regulation and transition rule has been appealed by several distribution companies and it is still unclear what the outcome will be.

In Finland, the decision regarding the 3rd regulatory period (2012-2015) was made during the fourth quarter. The decision was mainly in line with expectations. Changes to the past regulation were made in the quality components, i.e. penalties in case of storms have been increased. However, the industry has - through the industry organisation - chosen to appeal certain parts and parameters of the model in the Market court.

The storm on 26 December, the strongest in 30 years in Finland, and the smaller storm on the following day caused major damage to Fortum's power grid mainly in southern, western and south-western Finland. At the worst point, more than 190,000 Fortum customers were simultaneously without electricity. The storms caused some power outages and damage also in Sweden.

Volume of distributed electricity in distribution network, TWh	IV/11	IV/10	2011	2010
Sweden	3.9	4.5	14.2	15.2
Finland	2.5	3.0	9.5	10.0
Norway	0.6	0.7	2.3	2.5
Estonia	0.0	0.1	0.1	0.2
Total	7.0	8.3	26.1	27.9

Number of electricity distribution customers by area, thousands	31 December 2011	31 December 2010
Sweden	893	893
Finland	627	620
Norway	101	100
Estonia	24	24
Total	1,645	1,637

Electricity Sales

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

EUR million	IV/11	IV/10	2011	2010
Sales	205	529	900	1,798
- power sales	199	524	879	1,778
- other sales	6	5	21	20
Operating profit	-6	40	3	46
Comparable operating profit	2	3	27	11
Comparable EBITDA	3	3	29	13
Net assets (at period-end)			11	210
Return on net assets, %			4.2	38.4
Comparable return on net assets, %			33.5	9.3
Capital expenditure and gross investments in shares	1	0	5	0
Number of employees			519	525

October - December

During the fourth quarter of 2011, the business area's electricity sales volumes totalled 3.6 (8.1) TWh. The restructuring of the Business Market segment reduced the sales volume.

Electricity Sales' comparable operating profit in the fourth quarter of 2011 totalled EUR 2 (3) million. Strong competition continued to put pressure on the comparable operating profit.

January - December

Electricity sales volumes in 2011 were 14.4 (29.8) TWh. Volumes were significantly reduced as a result of the restructuring of the Business Market segment.

Comparable operating profit increased significantly and totalled EUR 27 (11) million. The improvement was due to the restructuring of the unprofitable Business Market segment and stable wholesale market prices, especially in the first quarter of 2011.

In October, Fortum sold its 24.5% ownership in the Norwegian electricity sales company Ishavskraft to four Norwegian power companies. The sale is in line with Fortum's ambition to focus on its own brand in the end consumer market.

Capital expenditures, divestments and investments in shares

Capital expenditures and investments in shares totalled EUR 520 (499) million in the fourth quarter of 2011. Investments, excluding acquisitions, were EUR 509 (499) million.

In 2011, capital expenditures and investments in shares totalled EUR 1,482 (1,249) million. Investments, excluding acquisitions, were EUR 1,408 (1,222) million.

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

	Type	Electricity capacity, MW	Heat capacity, MW	Supply starts *
Power				
Hydro refurbishment	Hydropower	10-20		2012
Heat				
Klaipeda, Lithuania	Waste (CHP)	20	60	Q1 2013
Järvenpää, Finland	Biofuel (CHP)	23	63	Q2 2013
Jelgava, Latvia	Biofuel (CHP)	23	45	Q3 2013
Brista, Sweden	Waste (CHP)	20	57	Q4 2013
Russia**				
Nyagan 1	Gas (CCGT)	418		Q2 2012
Nyagan 2	Gas (CCGT)	418		Q3 2012
Nyagan 3	Gas (CCGT)	418		2013

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

Power

Through its interest in TVO (Teollisuuden Voima Oyj), Fortum is participating in the building of Olkiluoto 3, a 1,600-MW nuclear power plant unit in Finland. AREVA-Siemens Consortium, which is constructing Olkiluoto 3 on a fixed-price turn-key contract, has informed TVO that the unit is scheduled to be ready for regular electricity production in August 2014.

TVO's Annual General Meeting decided in March 2011 on a private offering through which the company share capital will be increased by approximately EUR 65 million. Fortum's share of the share issue is approximately EUR 16 million, which was paid in November. The increase in the share capital is in line with the original plan and a part of Fortum's EUR 180 million share capital commitments to finance the Olkiluoto 3 project.

The Extraordinary General Meeting of TVO decided in December 2011 to commence the bidding and engineering phase of the company's fourth nuclear unit at Olkiluoto. Fortum's stake of the commitment for this phase is approximately EUR 77 million, which corresponds to Fortum's share of TVO. The sum will be divided over several years.

Fortum will start construction of a wave power park in Sotenäs, Sweden in 2012, which will be supplied by Seabased AB. After completion, the wave power park will be the world's largest full-scale demonstration project of this kind. The total budget for the project is about EUR 25 million, of which Fortum's share is about half. The Swedish Energy Agency has decided to grant investment support for the project.

The construction of the Blaiken onshore wind farm in northern Sweden continued. Fortum and the Swedish Skellefteå Kraft announced that they will purchase 60 wind turbines from Nordex. Fortum's share of the turbines ordered is 12.

Heat

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

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

In April 2011, Fortum and the municipal energy company Sollentuna Energi signed a final agreement according to which Sollentuna Energi will participate with a 15% share in Fortum's new waste-fired CHP unit, Brista 2, which is being built in the Stockholm area in Sweden.

In June 2011, Fortum decided to invest in two new biofuel-fired CHP plants in Järvenpää, Finland, and Jelgava, Latvia. The combined investments total around EUR 160 million and the plants are estimated to start commercial operation in 2013. The new plants will replace oil and gas based heat production with biofuels.

Divestments of smaller heating-only boilers continued throughout the autumn.

In December, Fortum agreed to sell Fortum Energiaratkaisut Oy and Fortum Termest AS to the EQT Infrastructure Fund. The total sales price, including net debt, is approximately EUR 200 million. Fortum's sales gain will be over EUR 50 million. The divestment is planned to be completed during the first quarter of 2012.

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

Russia

The first three units of Fortum's extensive investment programme in Russia started commercial operation in 2011: Tyumen CHP-1 in western Siberia started capacity sales at the beginning of February and Chelyabinsk CHP-3 in the Urals region at the beginning of June. The new capacity in Tobolsk was taken into commercial operation on 1 October 2011. Altogether, Fortum's extensive investment programme in Russia consists of eight new units.

Distribution

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

The sales price was EUR 325 million. Consequently, Fortum booked a gain of EUR 192 million, in addition to the share of profit for the first quarter amounting to EUR 8 million. This corresponded to approximately EUR 0.22 per share.

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

According to a deal signed with Imatran Seudun Sähkö on 20 December 2011, Imatran Seudun Sähkö acquired Distribution's Estonian subsidiary Fortum Elekter. In connection with the agreement, Distribution also sold its ownership in Imatran Seudun Sähkö Oy. The closing was made in the beginning of January, 2012. This is a step to focus more on the operations in the Nordic countries.

Shares and share capital

Fortum Corporation is listed on the NASDAQ OMX Helsinki Ltd. In 2011, a total of 524.9 (493.4) million Fortum Corporation shares, totalling EUR 10,379 million, were traded on the NASDAQ OMX Helsinki Ltd. The highest quotation of Fortum Corporation shares was EUR 24.09, the lowest EUR 15.53, and the volume-weighted average EUR 19.76. The closing quotation on the last trading day of the year 2011 was EUR 16.49 (22.53). Fortum's market capitalisation, calculated using the closing quotation of the last trading day of the quarter, was EUR 14,649 million.

In addition to the NASDAQ OMX Helsinki Ltd., Fortum shares were traded on several alternative market places, for example at Chi-X, BATS, Boat and Turquoise. The total volume of all trades, including also the primary market place, was approximately 1,058 million shares and the turnover was approximately EUR 21,093 million in 2011. In 2011, alternative market places accounted for approximately 50% of the total amount of Fortum Corporation shares traded.

At the end of 2011, Fortum Corporation’s share capital was EUR 3,046,185,953 and the total number of registered shares was 888,367,045. Fortum Corporation did not hold any of its own shares at the end of the year.

The number of registered shareholders was 104,496 at the end of 2011. The Finnish State's holding in Fortum was 50.8% at the end of the quarter. The proportion of nominee registrations and direct foreign shareholders was 28.3%.

The Board of Directors has no unused authorisations from the Annual General Meeting of Shareholders to issue convertible loans or bonds with warrants or to issue new shares.

Group personnel

Fortum’s operations are mainly based in the Nordic countries, Russia, Poland and the Baltic countries. The total number of employees at the end of 2011 was 10,780 (10,585 at the end of 2010).

The increase in employees is related mainly to the Heat Division’s acquisition of two Polish power and heat companies. At the end of 2011, the Power Division had 1,847 (1,819) employees, the Heat Division 2,504 (2,394), the Russia Division 4,379 (4,294), Distribution 898 (962), Electricity Sales 519 (525) and Other 633 (591).

Research and development

Sustainability is at the core of Fortum’s strategy, and Fortum's research and development activities enable environmentally benign energy solutions.

In 2011, a strong focus in R&D was on understanding the potential of various solar energy technologies. In addition, Fortum teamed up with partners in large programmes to develop smart grid technologies, sustainable urban solutions, and new integrated CHP concepts. Nuclear R&D continued to be the largest and most valuable part of Fortum’s R&D portfolio.

The growth and potential of solar energy and, in particular, price development of solar photovoltaic (PV) modules were analysed carefully in Fortum in 2011. The decision was made to go from the R&D and monitoring mode to the development of the basis for a potential new business for Fortum.

In 2011, Fortum and Seabased AB signed an agreement on the construction of a joint wave power park in Sotenäs, Sweden. After completion, the wave power park will be the world's largest, full-scale demonstration project of its kind. In addition, Fortum and the French naval defence and marine energy company DCNS signed a Letter of Intent on cooperation in the field of wave power research and development in France.

The Cleen Smart Grids and Energy Markets programme also had an active year. Fortum participated in successful piloting activities on reliability improving electricity grid automation concepts and sustainable urban living solutions with partners such as ABB, Skanska and KONE.

The pre-study for the Smart Grid project in Stockholm Royal Seaport, investigating sustainable City solutions, was finalised during the spring of 2011. It confirmed that the various parts of the energy system can be connected in the way originally envisaged, which enables the end customer to participate more actively in the electricity market. The pre-study was managed by Fortum in a consortium of 13 different partners. The project has proceeded to partner negotiations and financing, with planning for the next phase of implementation and tests.

In integrated CHP concepts, work continued actively and concrete milestones were reached in the areas of pyrolysis, torrefaction and the potential of integrating a CHP plant with bio-ethanol production.

Activities within Fortum's strong nuclear R&D portfolio progressed from development towards implementation. Examples include development activities leading towards the use of higher burn up nuclear fuel and antimony-free pump seal materials at the Loviisa nuclear power plant. The incident at the Fukushima nuclear plant increased the focus on nuclear safety also within nuclear R&D, and the contents and priorities of all Fortum nuclear R&D programmes have been reviewed.

In 2011, Fortum's R&D expenditure was EUR 38 million (2010: 30 million) or 0.6% of sales (2010: 0.5%) and 1.1% of total expenses (2010: 0.8%).

Sustainability

Fortum strives for balanced management of economic, social and environmental responsibility in the company's operations. The company's sustainability approach defines Group-level targets guiding operations and key indicators to monitor them. Based on these, the divisions set their division-level targets and indicators and outline the measures needed to achieve the targets.

In 2011, Fortum received a number of recognitions for its sustainability work. The company was listed in the Dow Jones Sustainability Index World for ninth consecutive year, and was the only Nordic utility in the index. The company was ranked the best utility company in the world in the Carbon Disclosure Leadership Index. Fortum was awarded Bronze Class in the Sustainability Yearbook 2011 by the SAM Group and given a Prime Status (B-) rating by oekom Research AG. Fortum is also included in the STOXX Global ESG Leaders indices and in the NASDAQ OMX and GES Investment Service's new OMX GES Sustainability Finland index.

Economic responsibility

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

Environmental responsibility

Fortum's environmental responsibility emphasises mitigation of climate change, efficient use of resources and management of impacts of our energy production, distribution and supply chain. Our know-how in CO2-free hydro and nuclear power production and in energy-efficient CHP production is highlighted in environmental responsibility. Fortum's Group-level environmental targets are related to carbon-dioxide emissions, energy efficiency and environmental management system certifications. In addition, the divisions have defined their own environmental goals related to their respective business. The achievements of the environmental targets are monitored through monthly, quarterly and annual reporting.

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

At the end of December 2011, the five-year average for specific CO_2 emissions from power generation in the EU was at 67 g/kWh and the specific CO_2 emissions from the total energy production was at 169 g/kWh, both better than the target level. Fortum's total CO_2 emissions in the fourth quarter of 2011 amounted to 6.1 (7.8) million tonnes (Mt), of which 1.8 (3.0) Mt were within the EU's emissions trading scheme (ETS).

In 2011, approximately 64% (66%) of the power generated by Fortum was CO_2-free. The corresponding figure for Fortum's generation within the EU was 86% (86%).The decreased share of CO_2-free power is mainly due to increased coal-condensing production, i.e. the use of the Inkoo and Meri-Pori coal-fired condensing plants due to dry weather and the higher weight of Russian operations in the production portfolio.

Overall efficiency of fuel use was 68% as a five-year average, the target is >70%. In 2011, 99% of all Fortum's operations in the EU had ISO 14001 environmentally certification. In December, also OAO Fortum's operations in Russia passed the first phase of the ISO 14001 certification audit.

Fortum's total CO_2 emissions (million tonnes, Mt)	IV/11	IV/10	2011	2010
Total emissions	6.1	7.9	23.6	25.3
Emissions subject to ETS	1.8	3.0	8.3	9.7
Free emissions allocation			6.8	5.6
Emissions in Russia	4.3	4.4	14.8	14.6

Fortum's specific CO_2 emissions from power generation (g/kWh)	IV/11	IV/10	2011	2010
Total emissions	161	156	192	189
Emissions in the EU	53	118	88	84
Emissions in Russia	463	541	483	532

Social responsibility

In the area of social responsibility, Fortum's innovations and the secure supply of low-carbon power and heat support the development of society and increase well-being. Good corporate citizenship and ensuring a safe working environment for all employees and contractors at Fortum sites are emphasised. The Group-level target has been defined for occupational safety. In addition to ISO 14001, the goal is to have OHSAS 18001 certification for all operational management systems. In 2011, the Group-level lost workday injury frequency (LWIF) improved and was at a good level at 1.6 (2.4). Unfortunately, a Fortum contractor suffered a fatal accident in Sweden in December. Fortum's safety target is to reach a LWIF level that is less than one per million working hours for its own personnel. This reflects the Group's zero tolerance for accidents.

Changes in Fortum's Management

Maria Paatero-Kaarnakari, Senior Vice President, Corporate Strategy and Research & Development at Fortum Corporation, will leave her current position to be appointed as Senior Vice President, Fortum Asia, as of 1 February 2012. In her new position, Maria Paatero-Kaarnakari's main responsibility is to initiate and develop a future growth platform for Fortum in India. Her former tasks will be diveded between different members of the Fortum management team.

Outlook

Key drivers and risks

Fortum's financial results are exposed to a number of strategic, financial and operational risks. The key factor influencing Fortum's business performance is the wholesale price of electricity in the Nordic region. The key drivers behind the wholesale price development in the Nordic region are the supply-demand balance, fuel and CO2-emissions allowance prices as well as the hydrological situation.

The global economic uncertainty and Europe's sovereign-debt crisis weaken the outlook for economic growth and recovery, especially in the Euro zone. This, in combination with a stronger hydrological situation in the Nordic region, could put downward pressure on the Nordic wholesale price for electricity in the short to medium term. In the Russian business, the key factors are the regulation around electricity and capacity markets and operational risks related to the investment programme. Increased volatility in exchange rates due to financial turbulence might have both translation and transaction effects on Fortum's financials especially through the SEK and RUB.

Nordic market

Despite macroeconomic uncertainty, electricity will continue to gain a higher share of the total energy consumption. Fortum currently expects the average annual growth in electricity consumption to be about 0.5%, while the growth rate for the nearest years will largely be determined by the macroeconomic development in Europe and especially in the Nordic countries.

Whereas the price of oil increased during the fourth quarter, coal and gas prices decreased. The CO2 emissions allowance (EUA) prices continued to decline due to the prolonged financial and economic uncertainty in Europe as well as the uncertainty of future carbon reduction policies. Electricity forward prices decreased both in the Nordic countries and in Germany due to lower fuel and EUA prices. The Nordic prices declined also as a result of rising water reservoir levels in Scandinavia.

In late-January 2012, the electricity forward price in Nord Pool for the rest of 2012 was around EUR 40 per MWh. The electricity forward price for 2013 was around EUR 42 per MWh and for 2014 around EUR 42 per MWh. In Germany, the electricity forward price for the rest of the year was around EUR 49 per MWh and EUR 53 per MWh for 2013. At the same time, the future quotations for coal (ICE Rotterdam) for the rest of 2012 were around USD 111 per tonne and the market price for CO2-emissions allowances (EUA) for 2012 was about EUR 8 per tonne.

In late-January 2012, Nordic water reservoirs were about 12 TWh above the long-term average and 40 TWh above the corresponding level of 2011.

Russia

The Russian wholesale power market was liberalised from the beginning of 2011. All generating companies continue to sell a part of their electricity and capacity equalling the consumption of households and a special group of consumers (Northern Caucasus Republic, Tyva Republic, Buryat Republic) under regulated prices.

The new rules for the capacity market starting from 2011 have been approved by the Russian Government. The generation capacity built after 2007 under government capacity supply agreements (CSA – “new capacity”) receive guaranteed payments for a period of 10 years. Prices for capacity under CSA are defined in order to ensure a sufficient return on investments. Capacity not under CSA competes in competitive capacity selection (CCS – “old capacity”).

In December 2010, the first CCS for the year 2011 was held in accordance with the new rules of the capacity market. The new rules stipulate that capacity payments under CCS are made according to actual capacity instead of the previously used installed capacity. This decreased the old capacity payments for CHP power plants, especially during the summer period due to the temperature constraints. The capacity selection for 2012 was held in September 2011. The majority of Fortum’s power plants were selected in the auction, with a price level close to the level received in 2011. Approximately 4% (120 MW) of the old capacity was not allowed to participate in the selection due to tightened minimal technical requirements. It will, however, receive capacity payments at the capacity market price for two additional years.

Upon completion, OAO Fortum's new capacity will be a key driver for solid earnings growth in Russia as it will bring income from new volumes sold and receive considerably higher capacity payments than the old capacity. However, the payment differs, depending on age, the location, size and type of the plants as well as seasonality and availability. The return for the new capacity is guaranteed, but could vary somewhat because it is linked to Russian Government long-term bonds with 8 to 10 years maturity. After completing the ongoing investment programme, Fortum targets a positive economic value added for the Russia Division.

In light of the improved demand and the development of the Russian capacity market, Fortum has accelerated the schedule of OAO Fortum's committed investment programme and is planning to commission the last new units by the end of 2014. The value of the remaining part of the investment programme, calculated at exchange rates prevailing at the end of December 2011, is estimated to be approximately EUR 0.9 billion as of January 2012. In 2012, the new units Nyagan 1 and Nyagan 2 will be commissioned.

The Russian Government decided that gas prices will increase beginning 1 July 2012; the increase is expected to be 15%. On the other hand, prices for regulated electricity sales, heat sales and CCS capacity income will be indexed at rates lower than in 2011.

Capital expenditure and divestments

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

Taxation

The effective corporate tax rate for Fortum in 2012 is estimated to be 19-21%, excluding the impact of the share of profits of associated companies and joint ventures, non-taxable capital gains and non-recurring items. In Finland, the corporate tax rate was decreased to 24.5% from 26% starting January 1, 2012.

Hedging

At the end of December 2011, approximately 65% of the Power Division's estimated Nordic power sales volume was hedged at approximately EUR 48 per MWh for the 2012 calendar year. The corresponding figures for the 2013 calendar year are about 40% at approximately EUR 46 per MWh.

The hedge price for Fortum Power Division's Nordic generation excludes hedging of condensing power margin. In addition, the hedge ratio excludes the financial hedges and physical volume of Fortum's coal-condensing generation as well as the division’s imports from Russia.

The reported hedge ratios may vary significantly, depending on Fortum's actions on the electricity derivatives markets. Hedges are mainly financial contracts, most of them Nord Pool forwards.

Profitability

The Power Division's Nordic power price typically depends on e.g. the hedge ratio, hedge price, spot prices, availability and utilisation of Fortum's flexible production portfolio, and currency fluctuations. Excluding the potential effects from the changes in the power generation mix, a 1 EUR/MWh change in the Power Division’s Nordic power sales price will result in an approximately EUR 45 million change in Fortum's annual comparable operating profit. In addition, the comparable operating profit of the Power Division will be affected by the possible thermal power generation amount and its profit.

The ongoing Swedish nuclear investment programmes over several years will enhance safety, improve availability and increase the capacity of the current nuclear fleet. The implementation of the investment programmes might affect availability. Fortum’s power procurement costs from co-owned nuclear companies are affected by these investment programmes; however, the level of operating costs is expected to stabilise during the implementation period.

Fortum believes that additional safety criteria may be introduced for new and existing nuclear power plants. In Finland, the budget proposal for 2012 does not include windfall or uranium taxes - the implementation of which the Government proposed to investigate in its programme published in June 2011.

According to the legislation in Sweden, nuclear waste fees and guarantees are updated at regular intervals. At the end of December the Government decided upon fees and guarantees for the coming period of 2012-2014. The impact on Fortum’s comparable operating profit is estimated to be approximately EUR -15 million per year in 2012-2014.

Dividend distribution proposal

The parent company's distributable equity as of 31 December 2011 amounted to EUR 4,620,804,659.85. Since the end of the financial period, there have been no material changes in the financial position of the Company.

The Board of Directors proposes to the Annual General Meeting that Fortum Corporation pay a cash dividend of EUR 1.00 per share for 2011, totalling EUR 888 million based on the number of registered shares as of 31 January 2012. The dividend is proposed to be paid on 23 April 2012.

Annual General Meeting 2012

Fortum Corporation's Annual General Meeting will be held at 14:00 p.m. on Wednesday, 11 April 2012 at Finlandia Hall, Mannerheimintie 13, in Helsinki, Finland.

Espoo, 31 January 2012
Fortum Corporation
Board of Directors

Further information:
Tapio Kuula, President and CEO, tel. +358 10 452 4112
Juha Laaksonen, CFO, tel. +358 10 452 4519

Fortum's Investor Relations, Sophie Jolly, +358 10 453 2552, and Rauno Tiihonen, +358 10 453 6150 / investors@fortum.com

The Board of Directors has approved Fortum's 2011 financial statements and Fortum's auditors have issued their unqualified audit report for 2011 on 31 January 2012. The condensed interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the EU.

Fortum's Annual General Meeting will take place on 11 April 2012 and the possible dividend-related dates planned for 2012 are:
- Ex-dividend date 12 April 2012,
- Record date for dividend payment 16 April 2012 and
- Dividend payment date 23 April 2012.

Fortum's Financial statements and Operating and financial review for 2011 will be published during week 12 at the latest.

Publication of financial results in 2012:
- Interim Report January – March on 26 April 2012 at approximately 9:00 EEST
- Interim Report January – June on 19 July 2012 at approximately 9:00 EEST
- Interim Report January – September on 19 October 2012 at approximately 9:00 EEST

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

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

Tables to the interim financial statements

Condensed consolidated income statement

EUR million	Note	Q4 2011	Q4 2010	2011	2010
Sales	4	**1 667**	1 902	**6 161**	6 296
Other income		**40**	23	**91**	108
Materials and services		**-659**	-910	**-2 566**	-2 846
Employee benefit costs		**-142**	-133	**-529**	-507
Depreciation, amortisation and impairment charges	4,12,13	**-155**	-147	**-606**	-563
Other expenses		**-243**	-194	**-749**	-655
Comparable operating profit		**508**	541	**1 802**	1 833
Items affecting comparability		**71**	-220	**600**	-125
Operating profit		**579**	321	**2 402**	1 708
Share of profit/loss of associates and joint ventures	4, 14	**19**	21	**91**	62
Interest expense		**-78**	-57	**-284**	-197
Interest income		**13**	19	**56**	72
Fair value gains and losses on financial instruments		**7**	-8	**5**	12
Other financial expenses - net		**-8**	-11	**-42**	-42
Finance costs - net		**-66**	-57	**-265**	-155
Profit before income tax		**532**	285	**2 228**	1 615
Income tax expense	9	**-88**	-25	**-366**	-261
Profit for the period		**444**	260	**1 862**	1 354
Attributable to:					
Owners of the parent		**421**	231	**1 769**	**1 300**
Non-controlling interests		**23**	29	**93**	**54**
		444	260	**1 862**	**1 354**
Earnings per share (in € per share)	10				
Basic		**0.47**	0.26	**1.99**	1.46
Diluted		**0.47**	0.26	**1.99**	1.46

EUR million	Q4 2011	Q4 2010	2011	2010
Comparable operating profit	**508**	541	**1 802**	1 833
Non-recurring items (capital gains and losses)	**9**	7	**284**	93
Changes in fair values of derivatives hedging future cash flow	**72**	-221	**344**	-216
Nuclear fund adjustment	**-10**	-6	**-28**	-2
Items affecting comparability	**71**	-220	**600**	-125
Operating profit	**579**	321	**2 402**	1 708

Condensed consolidated statement of comprehensive income

EUR million	**Q4 2011**	Q4 2010	**2011**	2010
Profit for the period	**444**	260	**1 862**	1 354
Other comprehensive income				
Cash flow hedges				
Fair value gains/losses in the period	**106**	-464	**299**	-583
Transfers to income statement	**81**	19	**480**	1
Transfers to inventory/fixed assets	**-7**	-10	**-23**	-16
Tax effect	**-46**	117	**-195**	151
Net investment hedges				
Fair value gains/losses in the period	**0**	29	**2**	-1
Tax effect	**0**	-8	**0**	0
Available for sale financial assets				
Fair value changes in the period	**0**	1	**-1**	0
Exchange differences on translating foreign operations	**166**	89	**-75**	344
Share of other comprehensive income of associates 1)	**2**	-8	**2**	-69
Other changes	**-3**	-16	**3**	-16
Other comprehensive income for the period, net of tax	**299**	-251	**492**	-189
Total comprehensive income for the year	**743**	9	**2 354**	1 165
Total comprehensive income attributable to				
Owners of the parent	**697**	-29	**2 255**	1 064
Non-controlling interests	**46**	38	**99**	101
	743	9	**2 354**	1 165
1) Of which fair value change in Hafslund ASA's				
shareholding in REC incl. translation differences	**0**	-8	**0**	-77

Condensed consolidated balance sheet

EUR million	Note	Dec 31 2011	Dec 31 2010
ASSETS			
Non-current assets			
Intangible assets	12	**433**	421
Property, plant and equipment	13	**15 234**	14 621
Participations in associates and joint ventures	4, 14	**2 019**	2 161
Share in State Nuclear Waste Management Fund	17	**653**	625
Pension assets		**60**	62
Other non-current assets		**69**	72
Deferred tax assets		**150**	141
Derivative financial instruments	6	**396**	183
Long-term interest-bearing receivables		**1 196**	1 149
Total non-current assets		**20 210**	19 435
Current assets			
Inventories		**528**	387
Derivative financial instruments	6	**326**	148
Trade and other receivables		**1 020**	1 284
Bank deposits		**-**	271
Cash and cash equivalents		**731**	285
Liquid funds	16	**731**	556
Assets held for sale [1)]	7	**183**	154
Total current assets		**2 788**	2 529
Total assets		**22 998**	21 964
EQUITY			
Equity attributable to owners of the parent			
Share capital	15	**3 046**	3 046
Share premium		**73**	73
Retained earnings		**6 318**	5 448
Other equity components		**195**	-357
Total		**9 632**	8 210
Non-controlling interests		**529**	532
Total equity		**10 161**	8 742
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities	16	**6 845**	6 520
Derivative financial instruments	6	**192**	238
Deferred tax liabilities		**2 013**	1 725
Nuclear provisions	17	**653**	625
Other provisions	18	**205**	239
Pension obligations		**26**	20
Other non-current liabilities		**465**	471
Total non-current liabilities		**10 399**	9 838
Current liabilities			
Interest-bearing liabilities	16	**925**	862
Derivative financial instruments	6	**219**	1 207
Trade and other payables		**1 265**	1 265
Liabilities related to assets held for sale	7	**29**	50
Total current liabilities		**2 438**	3 384
Total liabilities		**12 837**	13 222
Total equity and liabilities		**22 998**	21 964

[1)] Including cash balances of EUR 16 million (2010: EUR 0 million).

Condensed consolidated statement of changes in total equity

EUR million	Share capital	Share premium	Retained earnings		Other equity components			Owners of the parent	Non-controlling interests	Total equity
			Retained earnings and other funds	Translation of foreign operations	Cash flow hedges	Other OCI items	OCI items associated companies			
Total equity 31 December 2010	**3 046**	**73**	**5 726**	**-278**	**-419**	**0**	**62**	**8 210**	**532**	**8 742**
Net profit for the period			1 769					1 769	93	1 862
Translation differences				-74				-74		-74
Other comprehensive income			6		555		-1	560	6	566
Total comprehensive income for the period			1 775	-74	555	0	-1	2 255	99	2 354
Cash dividend			-888					-888		-888
Dividends to non-controlling interests								0	-21	-21
Changes due to business combinations			54			-2		52	-81	-29
Other			3					3		3
Total equity 31 December 2011	**3 046**	**73**	**6 670**	**-352**	**136**	**-2**	**61**	**9 632**	**529**	**10 161**
Total equity 31 December 2009	**3 046**	**73**	**5 329**	**-567**	**21**	**1**	**131**	**8 034**	**457**	**8 491**
Net profit for the period			1 300					1 300	54	1 354
Translation differences				289	3		14	306	55	361
Other comprehensive income			-15		-443	-1	-83	-542	-8	-550
Total comprehensive income for the period			1 285	289	-440	-1	-69	1 064	101	1 165
Cash dividend			-888					-888		-888
Dividends to non-controlling interests								0	-22	-22
Changes due to business combinations								0	-4	-4
Total equity 31 December 2010	**3 046**	**73**	**5 726**	**-278**	**-419**	**0**	**62**	**8 210**	**532**	**8 742**

Translation differences

Translation differences impacted equity attributable to owners of the parent company with EUR -74 million during 2011 (2010: 306) including net effect from SEK, NOK and RUB amounting to EUR -63 million in 2011 (2010: 299).

Translation of financial information from subsidiaries in foreign currency is done using average rate for the income statement and end rate for the balance sheet. The exchange rate differences occurring from translation to EUR are booked to equity. For information regarding exchange rates used, see Note 8 Exchange rates.

Cash flow hedges

The impact on equity attributable to owners of the parent from fair valuation of cash flow hedges, EUR 555 million during 2011 (2010: -443), mainly relates to cash flow hedges hedging electricity price for future transactions. When electricity price is lower/higher than the hedging price, the impact on equity is positive/negative.

Cash dividend

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

Condensed consolidated cash flow statement

EUR million	Note	Q4 2011	Q4 2010	2011	2010
Cash flow from operating activities					
Net profit for the period		**444**	260	**1 862**	1 354
Adjustments:					
Income tax expenses		**88**	25	**366**	261
Finance costs-net		**66**	57	**265**	155
Share of profit of associates and joint ventures		**-19**	-21	**-91**	-62
Depreciation, amortisation and impairment charges		**155**	147	**606**	563
Operating profit before depreciations (EBITDA)		**734**	468	**3 008**	2 271
Non-cash flow items and divesting activities		**-126**	222	**-726**	124
Interest received		**11**	11	**59**	66
Interest paid		**-71**	-74	**-298**	-234
Dividends received		**0**	9	**108**	62
Realised foreign exchange gains and losses and other financial items		**-26**	-138	**-245**	-535
Taxes		**-32**	-107	**-394**	-355
Funds from operations		**490**	391	**1 512**	1 399
Change in working capital	19	**-18**	-170	**101**	38
Total net cash from operating activities		**472**	221	**1 613**	1 437
Cash flow from investing activities					
Capital expenditures	19	**-421**	-432	**-1 285**	-1 134
Acquisitions of shares	19	**-18**	-20	**-62**	-28
Proceeds from sales of fixed assets		**4**	4	**15**	7
Divestments of shares	19	**18**	7	**492**	147
Change in interest-bearing receivables		**-60**	-34	**15**	-94
Total net cash used in investing activities		**-477**	-475	**-825**	-1 102
Cash flow before financing activities		**-5**	-254	**788**	335
Cash flow from financing activities					
Proceeds from long-term liabilities		**0**	102	**951**	924
Payments of long-term liabilities		**-60**	-523	**-365**	-912
Change in short-term liabilities		**115**	234	**-278**	191
Dividends paid to the owners of the parent		**0**	0	**-888**	-888
Other financing items		**4**	7	**-10**	-25
Total net cash used in financing activities		**59**	-180	**-590**	-710
Total net increase(+) / decrease(-) in liquid funds		**54**	-434	**198**	-375
Liquid funds at the beginning of the period		**685**	980	**556**	890
Foreign exchange differences in liquid funds		**8**	10	**-7**	41
Liquid funds at the end of the period [1)]		**747**	556	**747**	556

[1)] Including cash balances of EUR 16 million (2010: EUR 0 million) related to assets held for sale.

Non-cash flow items and divesting activities

Non-cash flow items and divesting activities mainly consist of adjustments for unrealised fair value changes of derivatives and capital gains. The actual proceeds for divestments, EUR 507 million for 2011 (2010: 154), are shown under cash flow from investing activities.

Realised foreign exchange gains and losses and other financial items

Realised foreign exchange gains and losses EUR -239 million for 2011 (2010: -535) mainly relate to financing of Fortum's Swedish subsidiaries and the fact that the Group's main external financing currency is EUR. The foreign exchange gains and losses arise for rollover of foreign exchange contracts hedging the internal loans as major part of these forwards is entered into with short maturities i.e. less than twelve months.

Change in net debt

EUR million	Q4 2011	Q4 2010	2011	2010
Net debt beginning of the period	**6 929**	6 608	**6 826**	5 969
Foreign exchange rate differences	**97**	48	**7**	244
EBITDA	**734**	468	**3 008**	2 271
Paid net financial costs, taxes and adjustments for non-cash and divestment items	**-244**	-77	**-1 496**	-872
Change in working capital	**-18**	-170	**101**	38
Capital expenditures	**-421**	-432	**-1 285**	-1 134
Acquisitions	**-18**	-20	**-62**	-28
Divestments	**22**	11	**507**	154
Change in interest-bearing receivables	**-60**	-34	**15**	-94
Dividends	**-**	-	**-888**	-888
Other financing activities	**4**	7	**-10**	-25
Net cash flow (- increase in net debt)	**-1**	-247	**-110**	-578
Fair value change of bonds, amortised cost valuation and other	**-4**	-77	**80**	35
Net debt end of period	**7 023**	6 826	**7 023**	6 826

Key ratios

	Dec 31 2011	Sept 30 2011	June 30 2011	March 31 2011	Dec 31 2010	Sept 30 2010	June 30 2010	March 31 2010
EBITDA, EUR million	**3 008**	2 274	1 813	1 049	2 271	1 803	1 351	861
Comparable EBITDA, EUR million [1)]	**2 374**	1 723	1 279	798	2 396	1 708	1 266	788
Earnings per share (basic), EUR	**1.99**	1.52	1.29	0.76	1.46	1.20	0.93	0.63
Capital employed, EUR million	**17 931**	17 034	16 998	16 560	16 124	16 324	15 862	15 642
Interest-bearing net debt, EUR million	**7 023**	6 929	6 783	6 367	6 826	6 608	6 506	5 679
Capital expenditure and gross investments in shares, EUR million	**1 482**	962	572	205	1 249	750	513	216
Capital expenditure, EUR million	**1 408**	899	533	167	1 222	723	493	196
Return on capital employed, % [2)]	**14.8**	14.3	16.1	19.1	11.6	12.2	14.3	18.7
Return on shareholders' equity, % [2)]	**19.7**	19.1	22.0	26.9	15.7	16.6	19.3	25.7
Net debt / EBITDA [2)]	**2.3**	2.4	2.2	1.8	3.0	2.8	2.5	1.7
Comparable net debt / EBITDA [2)]	**3,0**	3.0	2.7	2.0	2.8	2.9	2.6	1.8
Interest coverage	**10.5**	11.2	14.8	19.0	13.7	15.9	18.7	24.2
Interest coverage including capitalised borrowing costs	**8.5**	9.1	12.0	15.1	10.0	11.4	13.7	18.7
Funds from operations/interest-bearing net debt, % [2)]	**21.5**	20.7	24.2	34.8	20.5	22.3	28.8	44.9
Gearing, %	**69**	74	72	72	78	76	75	67
Equity per share, EUR	**10.84**	10.05	9.93	9.30	9.24	9.27	9.19	8.96
Equity-to-assets ratio, %	**44**	44	44	39	40	41	42	40
Number of employees	**10 780**	11 041	11 342	10 976	10 585	10 865	11 406	11 290
Average number of employees	**11 010**	11 062	11 030	10 913	11 156	11 302	11 393	11 435
Average number of shares, 1 000 shares	**888 367**	888 367	888 367	888 367	888 367	888 367	888 367	888 367
Diluted adjusted average number of shares, 1 000 shares	**888 367**	888 367	888 367	888 367	888 367	888 367	888 367	888 367
Number of registered shares, 1 000 shares	**888 367**	888 367	888 367	888 367	888 367	888 367	888 367	888 367

1) Definition of Comparable EBITDA is changed in Q4 2011 closing meaning that net release of CSA provision is excluded from Comparable EBITDA. Based on the new definition Comparable EBITDA for January-June and January-September 2011 are changed in this report. Change in Comparable EBITDA has also an impact on Comparable net debt / EBITDA for Q3/2011. It increased from 2.6 to 2.7.
2) Quarterly figures are annualised except items affecting comparability.
For definitions, see Note 27.

Notes to the condensed consolidated interim financial statements

1. Basis of preparation

The condensed interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the EU. The condensed interim financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2010.

2. Accounting policies

The same accounting policies and presentation have been followed in these condensed interim financial statements as were applied in the preparation of the consolidated financial statements as at and for the year ended 31 December 2010 except for the following change.

Since Q3 2011 Fortum has changed accounting principle for its associated company Hafslund. According to Fortum Group accounting policies the share of profits from Hafslund including REC will be included in Fortum Group figures based on the previous quarter information since updated interim information is not normally available. If Hafslund divests or impairs its shareholding in REC, Fortum will account for any occurring sales gains or losses and impairment charges based on Hafslund's previous quarter information.

3. Critical accounting estimates and judgements

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

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2010.

4. Segment information

Sales

EUR million	Q4 2011	Q4 2010	2011	2010
Power sales excluding indirect taxes	**907**	1 046	**3 458**	3 615
Heating sales	**474**	537	**1 602**	1 596
Network transmissions	***216***	264	***905***	912
Other sales	**70**	55	**196**	173
Total	**1 667**	1 902	**6 161**	6 296

Sales by segment

EUR million	Q4 2011	Q4 2010	2011	2010
Power 1)	**654**	752	**2 481**	2 702
- of which internal	***68***	*-137*	***-24***	*-281*
Heat 1)	**478**	598	**1 737**	1 770
- of which internal	***6***	*-5*	***8***	*-8*
Russia	**274**	254	**920**	804
- of which internal	***-***	*-*	***-***	*-*
Distribution	**244**	287	**973**	963
- of which internal	***4***	*8*	***15***	*18*
Electricity Sales 1)	**205**	529	**900**	1 798
- of which internal	***13***	*58*	***95***	*158*
Other 1)	**32**	7	**108**	51
- of which internal	***-5***	*73*	***115***	*169*
Netting of Nord Pool transactions 2)	**-134**	-528	**-749**	-1 736
Eliminations	***-86***	*3*	***-209***	*-56*
Total	**1 667**	1 902	**6 161**	6 296

1) Sales, both internal and external, includes effects from realised hedging contracts. Effect on sales can be negative or positive depending on the average contract price and realised spot price.
2) Sales and purchases with Nord Pool Spot is netted on Group level on an hourly basis and posted either as revenue or cost depending on if Fortum is a net seller or net buyer during any particular hour.

Comparable operating profit by segment

EUR million	Q4 2011	Q4 2010	2011	2010
Power	**351**	336	**1 201**	1 298
Heat	**96**	122	**278**	275
Russia	**35**	17	**74**	8
Distribution	**49**	91	**295**	307
Electricity Sales	**2**	3	**27**	11
Other	**-25**	-28	**-73**	-66
Total	**508**	541	**1 802**	1 833

Operating profit by segment

EUR million	Q4 2011	Q4 2010	2011	2010
Power	**443**	129	**1 476**	1 132
Heat	**100**	124	**380**	303
Russia	**35**	16	**74**	53
Distribution	**41**	93	**478**	321
Electricity Sales	**-6**	40	**3**	46
Other	**-34**	-81	**-9**	-147
Total	**579**	321	**2 402**	1 708

Non-recurring items by segment

EUR million	Q4 2011	Q4 2010	2011	2010
Power	**0**	0	**2**	6
Heat 1)	**7**	7	**86**	29
Russia	**0**	-1	**0**	45
Distribution 2)	**0**	0	**193**	12
Electricity Sales	**2**	-	**3**	-
Other	**0**	1	**0**	1
Total	**9**	7	**284**	93

1) Non-recurring items in Heat segment for 2011 include the gain of EUR 82 million recognised on the divestment of Fortum's district heat operations and heat production facilities outside the Stockholm area in Sweden.
2) Non-recurring items in Distribution segment for 2011 include a gain of EUR 192 million recognised on the divestment of Fingrid Oyj shares.

Non-recurring items include mainly capital gains.

Other items affecting comparability by segment

EUR million	Q4 2011	Q4 2010	2011	2010
Power 1)	**92**	-207	**273**	-172
Heat	**-3**	-5	**16**	-1
Russia	-	-	**-**	-
Distribution	**-8**	2	**-10**	2
Electricity Sales	**-10**	37	**-27**	35
Other	**-9**	-54	**64**	-82
Total	**62**	-227	**316**	-218
1) Including effects from the accounting of Fortum's part of the Finnish State Nuclear Waste Management Fund with (EUR million):	**-10**	-6	**-28**	-2

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

Comparable EBITDA by segment

EUR million	Q4 2011	Q4 2010	2011	2010
Power	**379**	362	**1 310**	1 398
Heat	**145**	172	**471**	462
Russia 1)	**50**	40	**148**	94
Distribution	**97**	137	**482**	485
Electricity Sales	**3**	3	**29**	13
Other	**-24**	-26	**-66**	-56
Total	**650**	688	**2 374**	2 396

1) Definition of Comparable EBITDA is changed in Q4 2011 closing meaning that net release of CSA provision is excluded from Comparable EBITDA.

Depreciation, amortisation and impairment charges by segment

EUR million	Q4 2011	Q4 2010	2011	2010
Power	**28**	26	**109**	100
Heat	**49**	50	**193**	187
Russia	**28**	23	**108**	86
Distribution	**48**	46	**187**	178
Electricity Sales	**1**	0	**2**	2
Other	**1**	2	**7**	10
Total	**155**	147	**606**	563

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

EUR million	Q4 2011	Q4 2010	2011	2010
Power [1), 2)]	**30**	2	**3**	-25
Heat	**7**	9	**19**	31
Russia	**-8**	-2	**30**	8
Distribution	**3**	6	**14**	19
Electricity Sales	**1**	0	**2**	1
Other	**-14**	6	**23**	28
Total	**19**	21	**91**	62
1) Including effects from the accounting of Fortum's associates part of Finnish and Swedish Nuclear Waste Management Funds with (EUR million):	**-1**	0	**-6**	0

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

Participation in associates and joint ventures by segment

EUR million	Dec 31 2011	Dec 31 2010
Power	**921**	912
Heat	**160**	159
Russia	**443**	423
Distribution	**101**	217
Electricity Sales	**0**	13
Other	**395**	437
Total [1)]	**2 020**	2 161

1) Including participations in associates relating to Assets held for sale EUR 1 million (2010:0 million) (see Note 7).

Capital expenditure by segment

EUR million	Q4 2011	Q4 2010	2011	2010
Power	**48**	35	**131**	97
Heat	**126**	117	**297**	304
Russia	**208**	257	**670**	599
Distribution	**120**	86	**289**	213
Electricity Sales	**1**	0	**5**	0
Other	**6**	4	**16**	9
Total	**509**	499	**1 408**	1 222
Of which capitalised borrowing costs	**16**	11	**53**	45

Gross investments in shares by segment

EUR million	Q4 2011	Q4 2010	2011	2010
Power	**-**	0	**17**	25
Heat	**10**	0	**32**	1
Russia	**-**	-	**24**	-
Distribution	**-**	0	**-**	0
Electricity Sales	**-**	-	**-**	-
Other	**1**	0	**1**	1
Total	**11**	0	**74**	27

Gross investments in shares in 2011 in Power segment include additional share capital paid to Teollisuuden Voima Oyj. See Note 14. In January 2011 Heat segment invested in two Polish 's companies and Russia segment's gross investment in shares is an additional investment in OAO Fortum shares. See Note 7 for additional information.

Net assets by segment

EUR million	Dec 31 2011	Dec 31 2010
Power	**6 247**	5 806
Heat	**4 191**	4 182
Russia	**3 273**	2 817
Distribution	**3 589**	3 683
Electricity Sales	**11**	210
Other	**208**	29
Total [1]	**17 519**	16 727

[1] Including Net assets relating to Assets held for sale and related liabilities (see Note 7)

Comparable return on net assets by segment

%	Dec 31 2011	Dec 31 2010
Power	**19.9**	22.3
Heat	**7.4**	7.7
Russia	**3.5**	0.7
Distribution	**8.6**	9.3
Electricity Sales	**33.5**	9.3
Other	**-12.7**	-7.7

Return on net assets by segment

%	Dec 31 2011	Dec 31 2010
Power	**24.6**	19.5
Heat	**9.9**	8.4
Russia	**3.5**	2.4
Distribution	**13.7**	9.7
Electricity Sales	**4.2**	38.4
Other	**5.3**	-48.2

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

Assets by segments

EUR million	Dec 31 2011	Dec 31 2010
Power	**7 134**	6 934
Heat	**4 597**	4 733
Russia	**3 692**	3 173
Distribution	**4 187**	4 207
Electricity Sales	**249**	663
Other	**628**	723
Eliminations	**-306**	-576
Assets included in Net assets	**20 181**	19 857
Interest-bearing receivables	**1 219**	1 208
Deferred taxes	**150**	141
Other assets	**717**	202
Liquid funds	**731**	556
Total assets	**22 998**	21 964

Liabilities by segments

EUR million	Dec 31 2011	Dec 31 2010
Power	**887**	1 128
Heat	**406**	551
Russia	**419**	356
Distribution	**598**	524
Electricity Sales	**238**	453
Other	**420**	694
Eliminations	**-306**	-576
Liabilities included in Net assets	**2 662**	3 130
Deferred tax liabilities	**2 013**	1 725
Other liabilities	**392**	985
Total liabilities included in Capital employed	**5 067**	5 840
Interest-bearing liabilities	**7 770**	7 382
Total equity	**10 161**	8 742
Total equity and liabilities	**22 998**	21 964

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

Number of employees

	Dec 31 2011	Dec 31 2010
Power	**1 847**	1 819
Heat	**2 504**	2 394
Russia	**4 379**	4 294
Distribution	**898**	962
Electricity Sales	**519**	525
Other	**633**	591
Total	**10 780**	10 585

Average number of employees

	2011	2010
Power	**1 873**	1 891
Heat	**2 682**	2 482
Russia	**4 436**	4 555
Distribution	**902**	1 098
Electricity Sales	**510**	538
Other	**607**	592
Total	**11 010**	11 156

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

5. Quarterly segment information

Extended quarterly information is available on Fortum's website www.fortum.com (about Fortum/Investors/Financial information/Interim reports).

Quarterly sales by segment

EUR million	**Q4 2011**	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Power	**654**	560	574	693	752	584	597	769
- of which internal	***68***	*35*	*-24*	*-103*	*-137*	*-10*	*-10*	*-124*
Heat	**478**	212	322	725	598	220	301	651
- of which internal	***6***	*2*	*1*	*-1*	*-5*	*1*	*2*	*-6*
Russia	**274**	156	195	295	254	137	169	244
- of which internal	**-**	-	-	-	-	-	-	-
Distribution	**244**	203	215	311	287	196	200	280
- of which internal	***4***	*3*	*4*	*4*	*8*	*3*	*3*	*4*
Electricity Sales	**205**	139	183	373	529	305	327	637
- of which internal	***13***	*11*	*22*	*49*	*58*	*20*	*19*	*61*
Other	**32**	27	19	30	7	23	16	5
- of which internal	***-5***	*3*	*39*	*78*	*73*	*35*	*40*	*21*
Netting of Nord Pool transactions	**-134**	-99	-150	-366	-528	-264	-261	-683
Eliminations	***-86***	*-54*	*-42*	*-27*	*3*	*-49*	*-54*	*44*
Total	**1 667**	1 144	1 316	2 034	1 902	1 152	1 295	1 947

Quarterly comparable operating profit by segments

EUR million	**Q4 2011**	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Power	**351**	268	257	325	336	267	271	424
Heat	**96**	-14	25	171	122	-12	33	132
Russia	**35**	-16	21	34	17	-16	-9	16
Distribution	**49**	62	60	124	91	61	53	102
Electricity Sales	**2**	4	10	11	3	11	10	-13
Other	**-25**	-7	-25	-16	-28	-9	-19	-10
Total	**508**	297	348	649	541	302	339	651

Quarterly operating profit by segments

EUR million	**Q4 2011**	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Power	**443**	273	271	489	129	256	280	467
Heat	**100**	-10	25	265	124	-15	35	159
Russia	**35**	-16	21	34	16	14	-9	32
Distribution	**41**	60	252	125	93	62	53	113
Electricity Sales	**-6**	6	23	-20	40	12	23	-29
Other	**-34**	1	17	7	-81	-17	-31	-18
Total	**579**	314	609	900	321	312	351	724

Quarterly non-recurring items by segment

EUR million	**Q4 2011**	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Power	**0**	0	2	0	0	5	1	0
Heat	**7**	0	-1	80	7	0	3	19
Russia	**0**	0	0	0	-1	30	0	16
Distribution	**0**	0	192	1	0	1	0	11
Electricity Sales	**2**	0	0	1	-	-	-	-
Other	**0**	0	0	0	1	0	0	0
Total	**9**	0	193	82	7	36	4	46

Quarterly other items affecting comparability

EUR million	**Q4 2011**	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Power [1)]	**92**	5	12	164	-207	-16	8	43
Heat	**-3**	4	1	14	-5	-3	-1	8
Russia	**-**	-	-	-	-	-	-	-
Distribution	**-8**	-2	0	0	2	0	0	0
Electricity Sales	**-10**	2	13	-32	37	1	13	-16
Other	**-9**	8	42	23	-54	-8	-12	-8
Total	**62**	17	68	169	-227	-26	8	27
1) Including effects from the accounting of Fortum's part of the Finnish State Nuclear Waste Management Fund with (EUR million)	**-10**	-6	-8	-4	-6	-10	23	-9

6. Financial risk management

The Group has not made any significant changes in policies regarding risk management during the period. Aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2010.

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

Derivatives

		Dec 31 2011		Dec 31 2010
Interest and currency derivatives	**Notional value**	**Net fair value**	Notional value	Net fair value
	MEUR	**MEUR**	MEUR	MEUR
Interest rate swaps	**4 737**	**141**	4 098	96
Forward foreign exchange contracts	**8 257**	**-143**	7 619	-333
Forward rate agreements	**196**	**0**	167	0
Interest rate and currency swaps	**247**	**1**	538	-25

Electricity derivatives	**Volume**	**Net fair value**	Volume	Net fair value
	TWh	**MEUR**	TWh	MEUR
Sales swaps	**95**	**559**	124	-2 069
Purchase swaps	**48**	**-289**	71	1 224
Purchased options	**1**	**1**	0	0
Written options	**1**	**1**	2	-10

Oil derivatives	**Volume**	**Net fair value**	Volume	Net fair value
	1000 bbl	**MEUR**	1000 bbl	MEUR
Sales swaps and futures	**10 000**	**-6**	11 473	-93
Purchase swaps and futures	**9 910**	**4**	11 541	76

Coal derivatives	**Volume**	**Net fair value**	Volume	Net fair value
	kt	**MEUR**	kt	MEUR
Sold	**12 325**	**94**	6 865	-117
Bought	**11 642**	**-80**	7 985	137

CO_2 emission allowance derivatives	**Volume**	**Net fair value**	Volume	Net fair value
	ktCO2	**MEUR**	ktCO2	MEUR
Sold	**15 283**	**89**	5 225	7
Bought	**13 981**	**-59**	8 882	-7

Share derivatives	**Notional value**	**Net fair value**	Notional value	Net fair value
	MEUR	**MEUR**	MEUR	MEUR
Share forwards [1)]	**9**	**9**	19	20

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

7. Acquisitions, disposals and assets held for sale

Acquisitions

During Q3 2011 parties have confirmed that remaining part of the payment related to the divestment of Fortum's shares St. Petersbourg Sale Company will be paid in OAO Fortum shares (3.04%). The transaction increases Fortum’s ownership in OAO Fortum to 97.55%.

The Polish competition authorities approved Fortum’s acquisitions of 85% of the shares in the Polish power and heat companies Elektrociepłownia Zabrze S.A. and Zespół Elektrociepłowni Bytom S.A. on 3 January 2011. Acquisition price for the transaction was EUR 22 million (PLN 82 million).

There were no material acquisitions during 2010.

Disposals

In December 2010 Fortum signed an agreement to divest district heat operations and production facilities outside Stockholm in Sweden. The divestment was completed on 31 March 2011. The total sales price was approximately EUR 220 million and the recognised gain EUR 82 million. The operations were part of the Heat segment and the gain is recognised in Heat segment. Major part of the divested operations were owned by Fortum's subsidiary Fortum Värme in which the city of Stockholm has a 50% economic interest. The Stockholm City Board and the Swedish Competition Authority have given their approval to the transaction. The assets and liabilities related to the divested operations were presented as assets and liabilities held for sale in December 2010.

Fortum's divestment of 25% shareholding in the Finnish transmission system operator Fingrid was completed on 19 April 2011. See Note 14.

There were no material divestments during 2010.

Assets held for sale

In December 2011 Fortum signed an agreement to sell Fortum Energiaratkaisut Oy and Fortum Termest AS to the EQT Infrastructure Fund. The total sales price, including net debt, is approximately EUR 200 million. Fortum's sales gain will be over EUR 50 million. The divestment is planned to be completed during the first quarter of 2012. The transaction is subject to the approval of the relevant competition authorities. The assets and liabilities related to the disposal are presented as assets held for sale in the financial statement 31 December 2011.

In December 2011 Fortum signed an agreement to sell Fortum Elekter AS, Estonia, to Imatran Seudun Sähkö. The divestment is planned to be completed during the first quarter of 2012. The assets and liabilities related to the disposial are presented as assets held for sale in the financial statement 31 December 2011.

The divestment of the district heat operations and heat production facilities outside the Stockholm area in Sweden, that was completed in March 2011, was treated as assets held for sale in December 2010.

Assets classified as held for sale EUR million	Dec 31 2011	Dec 31 2010
Property, plant and equipment	128	131
Other assets	39	23
Liquid funds	16	0
Total	**183**	**154**

Liabilities related to assets held for sale EUR million	Dec 31 2011	Dec 31 2010
Interest-bearing liabilities	0	0
Other liabilities	29	50
Total	**29**	**50**

8. Exchange rates

The balance sheet date rate is based on exchange rate published by the European Central Bank for the closing date. The average exchange rate is calculated as an average of each months ending rate from the European Central Bank during the year and ending rate previous year.

Key exchange rates for Fortum Group applied in the accounts:

Average rate	Jan-Dec 2011	Jan-Sept 2011	Jan-June 2011	Jan-March 2011	Jan-Dec 2010	Jan-Sept 2010	Jan-June 2010	Jan-March 2010
Sweden (SEK)	9.0038	8.9982	8.9273	8.8775	9.5510	9.6665	9.8144	9.9826
Norway (NOK)	7.7824	7.7962	7.7996	7.8173	8.0262	8.0258	8.0464	8.1423
Poland (PLN)	4.1254	4.0320	3.9655	3.9692	4.0126	4.0137	4.0186	3.9970
Russia (RUB)	41.0219	40.7778	40.4461	40.4504	40.4473	40.1288	40.1535	41.4799

Balance sheet date rate	Dec 31 2011	Sept 30 2011	June 30 2011	March 31 2011	Dec 31 2010	Sept 30 2010	June 30 2010	March 31 2010
Sweden (SEK)	8.9120	9.2580	9.1739	8.9329	8.9655	9.1421	9.5259	9.7135
Norway (NOK)	7.7540	7.8880	7.7875	7.8330	7.8000	7.9680	7.9725	8.0135
Poland (PLN)	4.4580	4.4050	3.9903	4.0106	3.9750	3.9847	4.1470	3.8673
Russia (RUB)	41.7650	43.3500	40.4000	40.2850	40.8200	41.6923	38.2820	39.6950

9. Income tax expense

Tax rate according to the income statement for the year 2011 was 16.4% (2010: 16.2%).

The tax rate for the year 2011, excluding the tax rate change in Finland, the impact of share of profits of associated companies and joint ventures as well as non-taxable capital gains was 21.4% (2010: 17.7%). In Finland, the corporate tax rate was decreased to 24.5% from 26% starting 1 January 2012. In 2011, the one-time positive effect from the tax rate change is approximately EUR 29 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.

10. Earnings per share

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

	2011	2010
Earnings (EUR million):		
Profit attributable to the owners of the parent	**1 769**	1 300
Number of shares (thousands):		
Weighted average number of shares for the purpose of basic earnings per share	**888 367**	888 367
Weighted average number of shares for the purpose of diluted earnings per share	**888 367**	888 367

11. Dividend per share

A dividend in respect of 2011 of EUR 1.00 per share, amounting to a total dividend of EUR 888 million based on the amount of shares registered as of 31 January 2012, is to be proposed at the Annual General Meeting on 11 April 2012. These Financial statements do not reflect this dividend.

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

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

12. Changes in intangible assets

EUR million	**Dec 31 2011**	Dec 31 2010
Opening balance	**421**	391
Increase through acquisition of subsidiary companies	**0**	-
Capital expenditures	**27**	19
Changes of emission rights	**13**	13
Depreciation, amortisation and impairment	**-19**	-22
Moved to Assets held for sale	**-2**	-
Translation differences and other adjustments	**-7**	20
Closing balance	**433**	421
Goodwill included in closing balance	**294**	301
Change in goodwill during the period due to translation differences	**-7**	16

13. Changes in property, plant and equipment

EUR million	**Dec 31 2011**	Dec 31 2010
Opening balance	**14 621**	12 855
Increase through acquisition of subsidiary companies	**26**	-
Capital expenditures	**1 381**	1 203
Changes of nuclear asset retirement cost	**5**	18
Disposals	**-13**	-4
Depreciation, amortisation and impairment	**-587**	-541
Sale of subsidiary companies	**-**	-22
Moved to Assets held for sale	**-128**	-131
Translation differences and other adjustments	**-71**	1 243
Closing balance	**15 234**	14 621

14. Changes in participations in associates and joint ventures

EUR million	Dec 31 2011	Dec 31 2010
Opening balance	**2 161**	2 188
Share of profits of associates and joint ventures	**91**	62
Investments	**9**	6
Share issues and shareholders' contributions	**16**	20
Divestments	**-146**	-89
Dividend income received	**-108**	-61
OCI items associated companies	**-1**	-69
Moved to Assets held for sale	**-1**	-
Translation differences	**-2**	104
Closing balance	**2 019**	2 161

Share of profits from associates and joint ventures

Share of profits from associates in 2011 was EUR 91 million (2010: 62) of which Hafslund ASA represented EUR 23 million (2010: 28) and TGC-1 EUR 30 million (2010: 7). Share of profits from TGC-1 is based on the company's published IFRS interim report for Q3 2011.

According to Fortum Group accounting policies the share of profits from Hafslund including REC will be included in Fortum Group figures based on the previous quarter information since updated interim information is not normally available. Q4 includes Fortum's share of Hafslund's Q3 profit. Hafslund made write-down on REC shares in Q2 and Q3 2011. In Q3 2011 Fortum has changed accounting principle for Hafslund (see Note 2). After the write-down in Q2 based on REC closing price 30 June 2011, NOK 9.28, Fortum and Hafslund have the same basis for future fair value changes in REC.

In 2011 write-downs on REC shares are included in Fortum's Q2 and Q4 closings amounting to EUR 20 million and EUR 16 million respectively, cumulatively EUR 36 million. In December 2010 Hafslund sold its fully-owned subsidiary Hafslund Fibernett AS. Fortum recognised EUR 38 million in relation to Hafslund's divestment of Hafslund Fibernett AS shares as a part of the share of profit of associates and joint ventures in Q1 2011.

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

Investments and share issues

Teollisuuden Voima Oyj's (TVO) Annual General meeting in March 2011 decided to raise the company's share capital by EUR 65 million of which Fortum's share is EUR 16 million. The increase in Fortum's participation in TVO has been booked in Q1 2011 and it was paid during Q4 2011.

TVO's Annual General meeting in March 2010 decided to raise the company's share capital by EUR 79 million of which Fortum's share is EUR 20 million. The increase in Fortum's participation in TVO was booked in Q1 2010 and was paid during Q4 2010.

Divestments

In the first quarter of 2011 Electricity Sales segment divested its 30.78% share in Energiapolar Oy. In the fourth quarter of 2011 Electricity Sales segment divested its 24.5% share in Ishavskraft AS.

In January 2011 Fortum, the Finnish State (Ministry of Employment and The National Emergency Supply Agency) and Ilmarinen Mutual Pension Insurance Company came to a preliminary agreement according to which Fortum was going to sell its 25%-shareholding in the Finnish transmission system operator Fingrid Oyj. The divestment was completed on 19 April 2011. The State bought approximately 81% and Ilmarinen bought approximately 19% of Fortum's Fingrid shares. The sales price for the total amount of shares was EUR 325 million and consequently, Fortum booked a gain of EUR 192 million in addition to the share of profits for the first quarter amounting to EUR 8 million. The shares were part of the Distribution segment and the gain is recognised in the Distribution segment. Fortum sold its holding in Fingrid as a result of the EU's third energy market package that calls for the separation of high voltage transmission and power generation. The package entered into force in September 2009.

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

Dividends received

In 2011 Fortum has received EUR 108 million (2010: 61) in dividends from associates of which EUR 64 million (2010: 19) was received from Hafslund and EUR 23 million (2010: 26) from Gasum.

15. Share capital

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

16. Interest-bearing liabilities and liquid funds

The interest-bearing debt increased during the fourth quarter by EUR 156 million from EUR 7,614 million to EUR 7,770 million (year end 2010: 7,382). Total liquid funds increased by EUR 62 million from EUR 685 million to EUR 747 million (year-end 2010: 556).

During the first quarter Fortum increased the amount of re-borrowing from the Finnish nuclear waste fund by EUR 53 million to EUR 887 million.

In the same quarter Fortum also signed two long term transaction; a 10 year loan of SEK 1,786 million from European Investment Bank and a 7 year loan of SEK 625 million from Nordic Investment Bank, these loans were fully drawn down during April.

During the second quarter Fortum Oyj repaid a maturing SEK 2 bn bond and issued a new ten year EUR 500 million fixed rate bond under its Euro Medium-Term Note Program. OAO Fortum raised a bilateral RUB 1.5 bn bank loan, to finance its investment program.

In July Fortum Oy signed a new syndicated revolving credit facility of EUR 2.5 billion to refinance existing syndicated revolving credit facilities of EUR 1.2 and EUR 1.5 billion. The total amount of undrawn committed credit facilities is approximately EUR 2.7 billion. Also during third quarter OAO Fortum raised a bilateral RUB 2 bn bank loan, to finance its investment program.

During the last quarter OAO Fortum repaid the RUB 1.5 bn bank loan raised earlier in 2011.

The amount of short term financing increased with EUR 101 million during the last quarter (mainly issuance of Commercial Papers), per the end of the year the amount of short term financing was EUR 254 million (year-end 2010: 534 million).

17. Nuclear related assets and liabilities

EUR million	Dec 31 2011	Dec 31 2010
Carrying values in the balance sheet		
Nuclear provisions	**653**	625
Share in the State Nuclear Waste Management Fund	**653**	625
Legal liability and actual share of the State Nuclear Waste Management Fund		
Liability for nuclear waste management according to the Nuclear Energy Act	**968**	944
Funding obligation target	**941**	886
Fortum's share of the State Nuclear Waste Management Fund	**903**	843

Nuclear related provisions

The liability regarding the Loviisa nuclear power plant is calculated according to the Nuclear Energy Act and was decided by Ministry of Employment and the Economy in December 2011. The liability is based on a technical plan, which is made every third year. The technical plan and the cost estimates were last updated in Q2 2010.

The legal liability on 31 December 2011 is EUR 968 million. The provision in the balance sheet related to nuclear waste management is based on cash flows for future costs which uses the same basis as the legal liability. The carrying value of the nuclear provision, calculated according to IAS 37, has increased by EUR 28 million compared to 31 December 2010, totalling EUR 653 million on 31 December 2011. The main reason for the difference between the carrying value of the provision and the legal liability is the fact that the legal liability is not discounted to net present value.

Fortum's share in the State Nuclear Waste Management Fund

Fortum contributes funds to the State Nuclear Waste Management Fund based on the yearly funding obligation target decided by the governmental authorities in December in connection with the decision of size of the legal liability. The current funding obligation target based on the legal liability decided in December 2011 and approved periodising of the payments to the Fund is EUR 941 million. The Fund is from an IFRS perspective overfunded with EUR 250 million, since Fortum's share of the Fund on 31 December 2011 is EUR 903 million and the carrying value in the balance sheet is EUR 653 million.

Effects to comparable operating profit and operating profit

Operating profit in Power segment is affected by the accounting principle for Fortum's share of the Finnish Nuclear Waste Management Fund, since the carrying value of the Fund in Fortum's balance sheet can in maximum be equal to the amount of the provisions according to IFRS. As long as the Fund is overfunded from an IFRS perspective, the effects to operating profit from this adjustment will be positive if the provisions increase more than the Fund and negative if actual value of the fund increases more than the provisions. This accounting effect is not included in Comparable operating profit in Fortum financial reporting; see Other items affecting comparability in Note 4. Fortum had an effect from this adjustment in Q4 2011 of EUR -10 million, compared to EUR -6 million in Q4 2010. The cumulative effect 2011 was EUR -28 million compared to EUR -2 million in 2010.

Associated companies

Fortum has minority shareholdings in associated Finnish and Swedish nuclear production companies. Fortum has for these companies accounted for its share of the effects from nuclear related assets and provisions according to Fortum accounting principles.

18. Other provisions

EUR million	Other provisions Dec 31 2011	Dec 31 2010	Of which CSA provision Dec 31 2011	Dec 31 2010
Opening balance	**239**	209	**208**	186
Unused provisions reversed	**-53**	-5	**-42**	-
Change in the provision	**16**	18	**8**	-
Provisions used	**-10**	-10	**-5**	-5
Unwinding of discount	**16**	16	**16**	16
Exchange rate differences	**-3**	11	**-5**	11
Closing balance	**205**	239	**180**	208

Fortum's extensive investment programme in Russia (8 units) is subject to possible penalties that can be claimed if the new capacity is substantially delayed or agreed major terms of the capacity supply agreement (CSA) are not otherwise fulfilled. The new rules for the long-term capacity market were approved in the beginning of 2011. This brought also more clarity to the possible penalties imposed on late delivery. Penalties are now defined on power plant level. This means that Fortum's risk for penalties under CSA agreement is proportionally decreasing when a new unit starts operation.

During 2011 Fortum has commissioned three new units under the Russian investment program. The company has in 2011 reversed EUR 42 million of provisions in relation to those power plants, of which EUR 10 million during Q4 2011.

The effect of changes in the timing of commissioning of new power plants is assessed at each balance sheet date and provision is changed accordingly. The impact of the change in timing to discounted amounts as of 31 Dec 2011 was EUR 8 million. The total impact of changes in CSA provision to comparable operating profit for 2011 was thus EUR 34 million. Paid penalties during 2011 amounted to EUR 5 million.

The increase in the provision due to the discounting during 2011 amounted to EUR 16 million. This amount was booked in other financial expenses.

19. Additional cash flow information

Change in working capital

EUR million	Q4 2011	Q4 2010	2011	2010
Change in interest-free receivables, decrease (+)/increase (-)	**-246**	-469	**266**	-161
Change in inventories, decrease (+)/increase (-)	**-56**	66	**-143**	74
Change in interest-free liabilities, decrease (-)/increase (+)	**284**	233	**-22**	125
Total	**-18**	-170	**101**	38

Capital expenditure

EUR million	Q4 2011	Q4 2010	2011	2010
Capital expenditure	**509**	499	**1 408**	1 222
Change in not yet paid investments	**-72**	-56	**-70**	-43
Capitalised borrowing costs	**-16**	-11	**-53**	-45
Capital expenditure in cash flow	**421**	432	**1 285**	1 134

Acquisition of shares in cash flow

EUR million	Q4 2011	Q4 2010	2011	2010
Acquisition of subsidiaries, net of cash acquired	**1**	0	**44**	1
Acquisition of associates [1)]	**16**	20	**16**	26
Acquisition of available for sale financial assets [2)]	**1**	0	**2**	1
Total	**18**	20	**62**	28

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

Acquisition of shares in subsidiaries

EUR million	Q4 2011	Q4 2010	2011	2010
Gross investments of shares [1)]	1	0	47	0
Changes in non-paid acquisitions	0	0	-2	1
Interest bearing debt in acquired subsidiaries	0	-	-1	-
Acquisitions of subsidiaries, net of cash acquired	**1**	0	**44**	1

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

Acquisition of shares in associates

EUR million	Q4 2011	Q4 2010	2011	2010
Gross investments of shares	9	0	25	26
Changes in non-paid acquisitions	7	20	-9	0
Acquisition of associates	**16**	20	**16**	26

Divestment of shares in cash flow

EUR million	Q4 2011	Q4 2010	2011	2010
Proceeds from sales of subsidiaries, net of cash disposed	5	8	117	9
Proceeds from sales of associates	13	-1	375	121
Proceeds from sales of other non-current assets	0	0	0	17
Total	**18**	7	**492**	147

Divestment of subsidiary shares in cash flow

EUR million	Q4 2011	Q4 2010	2011	2010
Gross divestments of shares [2)]	5	8	206	9
Payments not received for proceeds	0	-	0	-
Interest bearing debt in sold subsidiaries	0	-	-89	-
Proceeds settled in cash	**5**	8	**117**	9

2) Liquid funds in sold subsidiaries in 2011 EUR 14 million (2010: 2) are netted from gross divestments.

20. Pledged assets

EUR million	Dec 31 2011	Dec 31 2010
On own behalf		
For debt		
Pledges	290	307
Real estate mortgages	137	137
For other commitments		
Real estate mortgages	148	155
On behalf of associated companies and joint ventures		
Pledges and real estate mortgages	3	3

Pledged assets for debt

Finnish participants in the State Nuclear Waste Management Fund are allowed to borrow from the Fund. As of 31 December 2011 the value of the pledged shares amounts to EUR 269 million (2010: 269 million).

Pledged assets for other commitments

Fortum has given real estate mortgages in power plants in Finland, total value of EUR 148 million in December 2011 (2010: 155 million), as a security to the State Nuclear Waste Management Fund for the uncovered part of the legal liability and unexpected events relating to future costs for decomissioning and disposal of spent fuel in Loviisa nuclear power plant. The size of the securities given is updated yearly in Q2 based on the decisions regarding the legal liabilities and the funding target which takes place around year end every year. Due to the yearly update, the amount of real estate mortgages given as a security have decreased by EUR 7 million during 2011 (see also note 17 Nuclear related assets and liabilities).

21. Operating lease commitments

EUR million	Dec 31 2011	Dec 31 2010
Due within a year	32	29
Due after one year and within five years	68	49
Due after five years	142	130
Total	**242**	208

22. Capital commitments

EUR million	Dec 31 2011	Dec 31 2010
Property, plant and equipment	**940**	1 172
Intangible assets	**10**	7
Total	**950**	1 179

Capital commitments have decreased compared to year end 2010. Commitments have decreased due to progressing of OAO Fortum's investment program, progressing of the automatic meter reading investment in Distribution Finland as well as finalisation of Czestochowa power plant investment. On the other hand commitments relating to CHP investments in Järvenpää, Finland and Jelgava, Latvia as well as Brista 2, Sweden have increased commitments and Blaiken wind park investment in Sweden.

23. Contingent liabilities

EUR million	Dec 31 2011	Dec 31 2010
On own behalf		
Other contingent liabilities	**68**	228
On behalf of associated companies and joint ventures		
Guarantees	**347**	358
Other contingent liabilities	**125**	125
On behalf of others		
Guarantees	**0**	1

Guarantees on own behalf

Other contingent liabilities on own behalf, EUR 68 million in 2011, have decreased by EUR 160 million compared to 31 December 2010. The decrease is mainly due to the progressing of the investments in Russia and the maturity of the guarantee given to the Finnish State Nuclear Waste Management Fund.

Guarantees on behalf of associated companies

Guarantees and other contingent liabilities on behalf of associated companies and joint ventures mainly consist of guarantees relating to Fortum's associated nuclear companies Teollisuuden Voima Oyj, Forsmarks Kraftgrupp AB and OKG AB. The guarantees for Forsmarks Kraftgrupp AB and OKG AB for 2012-2014 will be increased from current SEK 2.574 million (EUR 289 million) to SEK 3.696 million (EUR 425 million) in 2012.

The guarantee given on behalf of Teollisuuden Voima Oyj (TVO) to the Finnish fund amount to EUR 44 million at 31 December 2011 (2010: 58).

24. Legal actions and official proceedings

The Swedish Energy Authority (EMI), which regulates and supervises the distribution network tariffs in Sweden, has issued a decision concerning the allowed income frame for the years 2012-2015. EMI has based its decision on a model with a transition rule stating that it takes 18 years to reach the allowed level of income according to the new model. The EMI decision has been appealed to the County Administrative Court by more than 80 distribution companies, including Fortum Distribution AB. The basis for Fortum Distribution AB's appeal is that the model is not compatible with the existing legislation and that EMI has applied an incorrect method for the calculation of Weighted Average Cost of Capital (WACC).

Fortum's subsidiaries, Fortum Sweden AB and Fortum Nordic AB, have received an income tax assessment for the year 2009 from the Swedish tax authorities. According to the tax authorities, Fortum would have to pay additional income taxes for the year 2009 for the reallocation of the loans between the Swedish subsidiaries in 2004-2005. The claim is based on the change in tax regulation as of 2009. Fortum considers the claim unjustifiable and will appeal the decision. No provision has been accounted for in the financial statements. If the decision by the tax authority remains final despite the appeals process, the impact on the net profit for the period would be approximately 420 MSEK.

AREVA-Siemens has filed a request for an arbitration in December 2008, concerning Olkiluoto 3 delay and related costs. The supplier has in June 2011 submitted its updated statement of claim, which includes updated claimed amounts with specified sums of indirect items and interest. The Supplier's presented monetary claim including indirect items and interest is currently approximately EUR 1.9 billion. TVO has considered and found the claim by the Supplier to be without merit. TVO has, in response, filed a counter-claim in April 2009 based on costs primarily due to delays. The value of TVO's presented counter-claim is currently approximately EUR 1.4 billion. TVO will update its counter-claim during the arbitration proceedings. The arbitration proceedings may continue for several years and the claimed and counter-claimed amounts may change.

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

In addition to the litigations described above, some Group companies are involved in tax and other disputes incidental to their business. In management's opinion the outcome of such disputes will not have material effect on the Group's financial position.

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

25. Related party transactions

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

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

Associated company transactions

EUR million	2011	2010
Sales to associated companies	**21**	63
Interest on associated company loan receivables	**34**	39
Purchases from associated companies	**661**	764

Associated company balances

EUR million	Dec 31 2011	Dec 31 2010
Long-term interest-bearing loan receivables	**1 178**	1 071
Trade receivables	**11**	22
Other receivables	**7**	20
Long-term loan payables	**223**	213
Trade payables	**14**	36
Other payables	**13**	15

Transactions and balances with joint ventures

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

26. Events after the balance sheet date

There are no material events after the balance sheet date.

27. Definition of key figures

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

Equity-to-assets ratio, % = $\dfrac{\text{Total equity including non-controlling interest}}{\text{Total assets}} \times 100$

Net debt / EBITDA = $\dfrac{\text{Interest-bearing net debt}}{\text{Operating profit + Depreciation, amortisation and impairment charges}}$

Comparable net debt / EBITDA = $\dfrac{\text{Interest-bearing net debt}}{\text{Comparable EBITDA}}$

Interest coverage = $\dfrac{\text{Operating profit}}{\text{Net interest expenses}}$

Interest coverage including capitalised borrowing costs = $\dfrac{\text{Operating profit}}{\text{Net interest expenses - capitalised borrowing costs}}$

Earnings per share (EPS) = $\dfrac{\text{Profit for the period - non-controlling interest}}{\text{Average number of shares during the period}}$

Equity per share = $\dfrac{\text{Shareholder's equity}}{\text{Number of shares excluding treasury shares at the end of the period}}$

Last twelve months (LTM) = Twelve months preceding the reporting date

Market conditions and achieved power prices

Power consumption TWh	Q4 2011	Q4 2010	2011	2010
Nordic countries	**100**	115	**382**	403
Russia	**279**	277	**1 020**	1 006
Tyumen	**22**	22	**82**	82
Chelyabinsk	**10**	9	**36**	35
Russia Urals area	**67**	66	**250**	245

Average prices	Q4 2011	Q4 2010	2011	2010
Spot price for power in Nord Pool power exchange, EUR/MWh	**34.2**	62.1	**47.1**	53.1
Spot price for power in Finland, EUR/MWh	**37.4**	66.5	**49.3**	56.6
Spot price for power in Sweden, EUR/MWh*	**35.7**	66.6	**47.9**	56.8
Spot price for power in European and Urals part of Russia, RUB/MWh**	**918**	887	**989**	881
Average capacity price, tRUB/MW/month	**246**	251	**209**	191
Spot price for power in Germany, EUR/MWh	**49.9**	51.5	**51.1**	44.5
Average regulated gas price in Urals region, RUB/1000 m^3	**2 548**	2 221	**2 548**	2 221
Average capacity price for old capacity, tRUB/MW/month***	**174**	251	**160**	191
Average capacity price for new capacity, tRUB/MW/month***	**534**	n/a	**560**	n/a
Spot price for power (market price), Urals hub, RUB/MWh **	**858**	817	**925**	835
CO_2, (ETS EUA), EUR/tonne CO_2	**9**	15	**13**	14
Coal (ICE Rotterdam), USD/tonne	**110**	108	**122**	92
Oil (Brent Crude), USD/bbl	**112**	87	**111**	80

* From 1st Nov 2011 onwards price area SE3 (Stockholm)

** Excluding capacity tariff

*** Capacity prices paid only for the capacity available at the time.

Water reservoirs TWh	Dec 31 2011	Dec 31 2010
Nordic water reservoirs level	**95**	54
Nordic water reservoirs level, long-term average	**83**	83

Export/import TWh (+ = import to, - = export from Nordic area)	Q4 2011	Q4 2010	2011	2010
Export /import between Nordic area and Continental Europe+Baltics	**-5**	2	**-6**	8
Export /import between Nordic area and Russia	**2**	3	**11**	12
Export / import Nordic area, Total	**-2**	6	**5**	19

Power market liberalisation in Russia %	Q4 2011	Q4 2010	2011	2010
Share of power sold on the liberalised market	**100**	80	**100**	70
Share of power sold at the liberalised price by OAO Fortum	**86**	67	**85**	61

Achieved power prices EUR/MWh	Q4 2011	Q4 2010	2011	2010
Power's Nordic power price	**45.2**	48.8	**46.1**	47.9
Achieved power price for OAO Fortum	**28.9**	30.5	**29.2**	27.0

Production and sales volumes

Power generation TWh	Q4 2011	Q4 2010	2011	2010
Power generation in the EU and Norway	**15.0**	14.8	**55.3**	53.7
Power generation in Russia*	**4.9**	4.5	**17.4**	16.1
Total	**19.9**	19.3	**72.7**	69.8

* Power generation Russia Q2 volume re-stated

Heat production TWh	Q4 2011	Q4 2010	2011	2010
Heat production in the EU and Norway	**5.9**	8.3	**22.0**	26.1
Heat production in Russia	**8.6**	8.2	**25.4**	26.0
Total	**14.5**	16.5	**47.4**	52.1

Power generation capacity by division MW	Dec 31 2011	Dec 31 2010
Power	**9 752**	9 728
Heat	**1 670**	1 600
Russia	**3 404**	2 785
Total	**14 826**	14 113

Heat production capacity by division MW	Dec 31 2011	Dec 31 2010
Power	**250**	250
Heat	**10 375**	10 448
Russia	**14 107**	13 796
Total	**24 732**	24 494

Power generation by source in the Nordic area TWh	Q4 2011	Q4 2010	2011	2010
Hydropower	**6.4**	6.0	**21.0**	22.0
Nuclear power	**6.7**	5.4	**24.9**	22.0
Thermal power	**1.2**	2.9	**7.2**	8.3
Total	**14.3**	14.3	**53.1**	52.3

Power generation by source in the Nordic area %	Q4 2011	Q4 2010	2011	2010
Hydropower	**45**	42	**40**	42
Nuclear power	**47**	38	**47**	42
Thermal power	**8**	20	**13**	16
Total	**100**	100	**100**	100

Power sales EUR million	Q4 2011	Q4 2010	2011	2010
Power sales in the EU and Norway	**746**	897	**2 868**	3 110
Power sales in Russia	**161**	149	**590**	505
Total	**907**	1 046	**3 458**	3 615

Heat sales **EUR million**	**Q4 2011**	Q4 2010	**2011**	2010
Heat sales in the EU and Norway	**364**	439	**1 278**	1 309
Heat sales in Russia	**110**	98	**324**	287
Total	**474**	537	**1 602**	1 596

Power sales by area **TWh**	**Q4 2011**	Q4 2010	**2011**	2010
Finland	**6.1**	8.8	**24.6**	30.7
Sweden	**8.2**	7.4	**29.4**	28.3
Russia	**5.6**	4.9	**20.2**	18.7
Other countries	**1.1**	1.0	**3.6**	3.2
Total	**21.0**	22.1	**77.8**	80.9

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

Heat sales by area **TWh**	**Q4 2011**	Q4 2010	**2011**	2010
Russia	**9.2**	9.0	**26.7**	26.8
Finland	**2.2**	3.1	**8.5**	9.6
Sweden	**2.5**	3.7	**8.5**	10.9
Poland	**1.5**	1.4	**4.3**	4.0
Other countries [1)]	**0.8**	1.1	**3.4**	3.6
Total	**16.2**	18.3	**51.4**	54.9

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