Fortum Corporation

Interim Report
January-September 2011

20 October 2011

Fortum Corporation
Domicile Espoo
Business ID 1463611-4

Results on last year's levels

July - September 2011

- Comparable operating profit EUR 297 (302) million, -2%
- Earnings per share EUR 0.23 (0.27), -15%
- Volumes in hydro and nuclear generation increased
- Nordic spot prices clearly lower compared to third quarter 2010

January - September 2011

- Comparable operating profit EUR 1,294 (1,292) million, 0%
- Earnings per share EUR 1.52 (1.20), +27%
- Financial position remained strong
- Russian investment programme continued to progress

Key figures	III/11	III/10	I-III/11	I-III/10	2010	LTM*
Sales, EUR million	1,144	1,152	4,494	4,394	6,296	6,396
Operating profit, EUR million	314	312	1,823	1,387	1,708	2,144
Comparable operating profit, EUR million	297	302	1,294	1,292	1,833	1,835
Profit before taxes, EUR million	240	285	1,696	1,330	1,615	1,981
Earnings per share, EUR	0.23	0.27	1.52	1.20	1.46	1.78
Net cash from operating activities, EUR million	277	273	1,141	1,216	1,437	1,362
Shareholders' equity per share, EUR			10.05	9.27	9.24	N/A
Interest-bearing net debt (at end of period), EUR million			6,929	6,608	6,826	N/A
Average number of shares, 1,000s			888,367	888,367	888,367	888,367

*) Last twelve months

Key financial ratios	2010	LTM
Return on capital employed, %	11.6	13.5
Return on shareholders' equity, %	15.7	18.5
Net debt/EBITDA	3.0	2.5

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: Rest of 2011, 65% at EUR 47 per MWh. 2012, 55% at EUR 47 per MWh. 2013, 25% at EUR 46 per MWh

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

"Electricity demand improved slightly both in the Nordic countries and Russia in the third quarter of 2011 compared to the same period in 2010. Fortum's operational enhancements and especially the improved hydro levels and nuclear availability enabled us to deliver satisfactory comparable operating profit as well as a good cash flow in the quarter. The investments to support our long-term goals and financial targets continued according to plan. We are constantly monitoring the need for any steps necessary to offset headwinds that may occur as a result of the challenging economic situation and business environment.

The underlying fundamentals for energy demand have not changed and the mitigation of climate change is necessary. Fortum therefore emphasises that the future energy system should be based on CO2-free power production, energy security and energy efficiency. We believe that the energy system will gradually transform from today's traditional power generation technologies, limited energy sources and fossil fuels towards solar economy. However, changes in the capital-intensive energy industry are slow. With the exception of hydro and wind power as well as bio-energy, other production forms in the solar economy are still in the development phase. Fortum is actively researching future energy production technologies, such as solar and wave power and bio-fuels for combined heat and power production (CHP). However, hydro, nuclear and CHP continue to be the major sources for power and heat generation for Fortum. Fortum is continuously developing its existing hydro assets and will for example participate in the tendering processes for hydropower concession renewals in France, as announced at the end of last year.

The EU-wide nuclear safety reviews, commenced after the Fukushima accident in Japan, will be ready in October. They are an important step towards more uniform international nuclear safety standards. In Fortum's opinion, different concepts of nuclear power plants should also be considered in the future. Over the years, Fortum has built up extensive competence in the area of nuclear power; security, availability and efficiency of Fortum's own power plants are very high by international standards."

Financial results

July - September

In July – September, Group sales were EUR 1,144 (1,152) million. Group operating profit totalled EUR 314 (312) million. Fortum's operating profit for the third quarter of 2011 was affected by a EUR 23 (-16) 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 297 (302) million.

The total of non-recurring items, mark-to-market effects and nuclear fund adjustments in the third quarter of 2011 amounted to EUR 17 (10) million.

The share of profits from associates in the third quarter was EUR -2 (10) million, of which Hafslund ASA represented EUR 6 (8) million and TGC-1 EUR 0 (0) million. The share of profits from TGC-1 is based on the company's published IFRS second-quarter interim report. The share of profits from Hafslund is based on the company's second-quarter interim report; excluding a write-down of the Hafslund shareholding in Renewable Corporation (REC) amounting to EUR 20 million which Fortum already included in its second quarter results (see also Note14).

Sales by division

EUR million	III/11	III/10	I-III/11	I-III/10	2010	LTM
Power	560	584	1,827	1,950	2,702	2,579
Heat	212	220	1,259	1,172	1,770	1,857
Russia	156	137	646	550	804	900
Distribution*	203	196	729	676	963	1,016
Electricity Sales*	139	305	695	1,269	1,798	1,224
Other	27	23	76	44	51	83
Netting of Nord Pool transactions	-99	-264	-615	-1,208	-1,736	-1,143
Eliminations	-54	-49	-123	-59	-56	-120
Total	1,144	1,152	4,494	4,394	6,296	6,396

* Part of the Electricity Solutions and Distribution Division

Comparable operating profit by division

EUR million	III/11	III/10	I-III/11	I-III/10	2010	LTM
Power	268	267	850	962	1,298	1,186
Heat	-14	-12	182	153	275	304
Russia	-16	-16	39	-9	8	56
Distribution*	62	61	246	216	307	337
Electricity Sales*	4	11	25	8	11	28
Other	-7	-9	-48	-38	-66	-76
Total	297	302	1,294	1,292	1,833	1,835

* Part of the Electricity Solutions and Distribution Division

Operating profit by division

EUR million	III/11	III/10	I-III/11	I-III/10	2010	LTM
Power	273	256	1,033	1,003	1,132	1,162
Heat	-10	-15	280	179	303	404
Russia	-16	14	39	37	53	55
Distribution*	60	62	437	228	321	530
Electricity Sales*	6	12	9	6	46	49
Other	1	-17	25	-66	-147	-56
Total	314	312	1,823	1,387	1,708	2,144

* Part of the Electricity Solutions and Distribution Division

January - September

In January-September, Group sales were EUR 4,494 (4,394) million. Group operating profit totalled EUR 1,823 (1,387) million. Fortum's operating profit for the period was affected by a EUR 272 (5) 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 1,294 (1,292) million.

Non-recurring items, mark-to-market effects and nuclear fund adjustments in January-September 2011 amounted to EUR 529 (95) million. Of this total, non-recurring items totalled EUR 275 (86) million, which mainly relates to the divestment of the district heat operations and production facilities outside Stockholm and the divestment of shares in Fingrid Oyj.

The average Swedish krona (SEK) rate was approximately 7% stronger against the euro than during the corresponding period in 2010. Power Division was burdened by the higher cost levels due to the SEK/EUR ratio and the euro-denominated power sales. 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 72 (41) 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 199 (98) 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 during the comparable period in 2010. Net financial expenses were also negatively affected by changes in the fair value of financial instruments of EUR -2 (20) million.

Profit before taxes was EUR 1,696 (1,330) million.

Taxes for the period totalled EUR 278 (236) million. The tax rate according to the income statement was 16.4% (17.7%). The tax rate excluding mainly the impact of the share of profits of associated companies and joint ventures as well as non-taxable capital gains was 20.8% (19.3%).

The profit for the period was EUR 1,418 (1,094) million. Fortum's earnings per share were EUR 1.52 (1.20). The effect on earnings per share by the accounting treatment of derivatives was EUR 0.23 (0.00).

Non-controlling (minority) interests amounted to EUR 70 (25) million. These are mainly attributable to Fortum Värme Holding AB, in which the city of Stockholm has a 50% economic interest. The increase in January-September 2011, compared to the corresponding period in 2010, is mainly due to the minority's share, EUR 30 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 1,141 (1,216) million. It was affected by the realised foreign exchange gains and losses, which amounted to EUR -215 (-394) million in January-September 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 financial key ratios for the last twelve months were: return on capital employed 13.5% (11.6% at the end of 2010), return on shareholders' equity 18.5% (15.7% at the end of 2010) and net debt to EBITDA 2.5 (3.0 at the end of 2010). The comparable net debt to EBITDA for the last twelve months was 2.8.

Market conditions

Nordic countries

The third quarter in 2011 started with close-to-average water reservoir levels. The Nordic power prices were below Continental prices throughout the period, which led to constant exports towards the Continent. At the end of the quarter the reservoir levels increased due to high precipitation. Temperatures were close to average during the period.

According to preliminary statistics, the Nordic countries consumed 80 (79) TWh of electricity in the third quarter of 2011 and 278 (285) TWh of electricity in January-September, which was about 2% less than in the same period in 2010. The decrease was mainly due to warmer weather than in the previous year.

In the beginning of 2011, the Nordic water reservoirs were at 51 terawatt-hours (TWh), and 28 TWh below the long-term average. At the beginning of the third quarter of 2011, the Nordic water reservoirs had increased and were close to the long-term average. At the end of the third quarter of 2011, the Nordic water reservoirs were 2 TWh above the long-term average and 18 TWh above the corresponding level in 2010.

During the third quarter, the average system spot price for power in Nord Pool was EUR 36.0 (45.9) per megawatt-hour (MWh). The Finnish and Swedish area prices were above the system price level, at EUR 43.4 (47.7) per MWh in Finland and EUR 38.1 (46.7) per MWh in Sweden.

In January-September, the average system spot price for power in Nord Pool was EUR 51.4 (50.0) per megawatt-hour (MWh). The Finnish and Swedish area prices were above the system price level, at EUR 53.3 (53.3) per MWh in Finland and EUR 52.0 (53.5) per MWh in Sweden. The difference between the system price and the Finnish and Swedish area prices was mainly due to higher reservoir levels in Norway during the last quarter.

Russia

According to preliminary statistics, Russia consumed 226 (223) TWh of electricity in July-September 2011. The corresponding figure in Fortum's operating area in the First price zone (European and Urals part of Russia) was 170 (168) TWh.

In January-September 2011, Russia consumed about 741 (728) TWh of electricity. The corresponding figure in the First price zone was 552 (541) 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 third quarter 2011 increased by approximately 2% compared to the same period in 2010. In the Chelyabinsk area, which is dominated by the metal industry, electricity demand increased by about 3% in the third quarter compared to the same period of the previous year. The increase is mainly due to the recovery in industrial consumption.

The average electricity spot price, excluding capacity price, in the First price zone increased 2% to RUB 993 (975) per MWh in the third quarter of 2011.

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

Division reviews

Power

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

EUR million	III/11	III/10	I-III/2011	I-III/2010	2010	LTM
Sales	560	584	1,827	1,950	2,702	2,579
- power sales	532	556	1,735	1,865	2,580	2,450
of which Nordic power sales*	491	463	1,471	1,499	2,035	2,007
- other sales	28	28	92	85	122	129
Operating profit	273	256	1,033	1,003	1,132	1,162
Comparable operating profit	268	267	850	962	1,298	1,186
Comparable EBITDA	295	293	931	1,036	1,398	1,293
Net assets (at period-end)			5,956	5,818	5,806	
Return on net assets, %					19.5	19.2
Comparable return on net assets, %					22.3	19.5
Capital expenditure and gross investments in shares	31	32	100	87	122	135
Number of employees			1,902	1,892	1,819	

Power generation by source, TWh	III/11	III/10	I-III/2011	I-III/2010	2010	LTM
Hydropower, Nordic	5.7	5.5	14.6	16.0	22.0	20.6
Nuclear power, Nordic	5.7	4.7	18.2	16.6	22.0	23.6
Thermal power, Nordic	0.1	0.3	2.1	1.4	2.3	3.0
Total in the Nordic countries	11.5	10.5	34.9	34.0	46.3	47.2
Thermal power in other countries	0.3	0.3	0.9	0.8	1.1	1.2
Total	11.8	10.8	35.8	34.8	47.4	48.4

Nordic sales volumes, TWh	III/11	III/10	I-III/2011	I-III/2010	2010	LTM
Nordic sales volume	12.0	11.7	36.4	37.8	51.5	50.1
of which Nordic power sales volume*	11.0	9.8	31.6	31.5	42.5	42.6

* 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	III/11	III/10	I-III/2011	I-III/2010	2010	LTM
Power's Nordic power price**	44.3	46.9	46.5	47.5	47.9	47.1

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

July - September

In July-September 2011, the Power Division's comparable operating profit was EUR 268 (267) million, somewhat up from the corresponding period in 2010. Both hydro and especially nuclear volumes increased. Volumes in nuclear improved and were higher, 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 hydro generation. Thermal volumes decreased during the quarter. Area prices were lower in Finland and especially Sweden compared to the same period in 2010. Relatively higher production volumes from Sweden combined with lower Swedish prices burdened Power's Nordic power price.

The combined effect of increased nuclear and hydro volumes and the lower achieved power price was positive and totalled approximately EUR 20 million. Cost related to the SEK currency rate were approximately EUR 3 million. The increased Swedish property tax and the expired Russian power import contract decreased profit by approximately EUR 10 million compared to 2010, and lower thermal production compared to 2010 decreased profit by approximately EUR 5 million.

In the third quarter, the division's total power generation in the Nordic countries was 11.5 (10.5) TWh, which corresponds to a 9% increase compared to the third quarter of 2010. Power's achieved Nordic power price amounted to EUR 44.3 per MWh, which was EUR 2.6 per MWh lower than in the third quarter of 2010 mainly due to lower Finnish and Swedish area spot prices and hedge prices.

January - September

In January-September, the Power Division's comparable operating profit was EUR 112 million lower than in the corresponding period of 2010. The record-low water inflow and reservoir levels during the first quarter increased in the second and third quarters. Also nuclear volumes and availability improved and offset the lower hydro generation. The division's achieved Nordic power price was EUR 1 per MWh lower than in the corresponding period of 2010.

The comparable operating profit was impacted by several factors. The impact of the volume and price mix was approximately EUR -30 million. The SEK currency impact totalled approximately EUR -28 million. The impact of the increased Swedish property tax totalled approximately EUR -13 million. In addition, the impact of the expired Russian power import contract was approximately EUR -27 million and is estimated to be approximately EUR -40 million for the full-year 2011.

The division's total power generation in the Nordic countries was 34.9 (34.0) TWh, which corresponds to a 3% increase compared to January-September of 2010. In Sweden, nuclear availability improved which increased nuclear volumes and nearly offset the clearly lower hydro volumes. Hydro inflow and reservoir levels were at a historically low level at the beginning of the year, but have improved throughout the period. Currently, the Nordic water reservoirs are 4 TWh above the long-term average. The use of three Inkoo blocks during the first quarter and the end of the Meri-Pori lease last year enabled higher thermal production.

In January-September, the achieved Nordic power price amounted to EUR 46.5 per MWh, which was EUR 1.0 per MWh lower than in the corresponding period of 2010 mainly due to lower hedge prices.

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

Fortum has two fully-owned reactors in Loviisa and is a co-owner in eight reactors at the Olkiluoto, Oskarshamn and Forsmark power plants. Eight out of ten of Fortum’s own or co-owned nuclear power reactors operated well during January-September 2011. Oskarshamn 3, which has been suffering from various technical problems, achieved the new increased reactor power level of approximately 1,400 MW on 23 September. A testing programme to achieve the new output power level is still ongoing.

During the third quarter, annual outages were completed successfully at Forsmark 2 as well as at Loviisa 1 and 2. Oskarshamn 2 was shut down on 15 August for an extensive inspection of low-pressure turbine blades after the vendor informed about possible defects in the turbine. Any affected blades will be removed during the current outage and the power level will be limited to 560 MW (nominal 638 MW) until the beginning of the annual outage in 2013.

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

Post Japan, the Finnish nuclear safety authority (STUK) carried out an additional evaluation of safety in cases of power loss, exceptional weather and environmental conditions. STUK stated in its investigation that no major new requirements or new threat factors or deficiencies requiring immediate safety improvements were identified in Finnish nuclear power plants. The Swedish nuclear safety authority (SSM) has started corresponding safety evaluations in Sweden. The EU safety evaluations were started on 1 June, and operators are requested to submit their final reports by 31 October 2011. Fortum believes that some additional safety criteria could be introduced for new and existing nuclear power plants based on the evaluations.

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	III/11	III/10	I-III/2011	I-III/2010	2010	LTM
Sales	212	220	1,259	1,172	1,770	1,857
- heat sales	142	153	885	841	1,269	1,313
- power sales	34	39	260	239	368	389
- other sales	36	28	114	92	133	155
Operating profit	-10	-15	280	179	303	404
Comparable operating profit	-14	-12	182	153	275	304
Comparable EBITDA	32	34	326	290	462	498
Net assets (at period-end)			3,934	4,021	4,182	
Return on net assets, %					8.4	10.6
Comparable return on net assets, %					7.7	8.1
Capital expenditure and gross investments in shares	63	67	193	188	305	310
Number of employees			2,627	2,434	2,394	

July - September

Heat sales volumes during the third quarter of 2011 amounted to 2.1 (2.4) TWh and were mainly generated in the Nordic countries. During the same period, power sales from CHP production totalled 0.8 (0.8) TWh.

The division’s third-quarter comparable operating profit of EUR -14 (-12) million was EUR 2 million lower than in the corresponding period of last year. The result decreased due to higher seasonal costs in Poland related to this year’s acquisitions. In addition, the warm September in Finland reduced volumes and lowered sales margins.

January - September

Heat sales volumes during January-September 2011 amounted to 16.1 (17.3) TWh and were mainly generated in the Nordic countries. During the same period, power sales volumes totalled 4.7 (4.3) TWh. The power volume increase was mainly due to new combined heat and power (CHP) capacity in Poland and Estonia. Higher temperatures compared to last year and the divestment of district heat operations and heat production facilities outside the Stockholm area in Sweden at the end of March resulted in a decrease in heat volumes.

The division’s comparable operating profit for January-September 2011 totalled EUR 182 (153) million. The progress was due to better availability, lower peak-load impact on production costs and improved heat sales margins in Sweden. The stronger SEK currency accounted for approximately one third of the result increase. 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 May, the construction of the first waste-fired CHP plant in the Baltic region started. The plant will replace the gas-fired production plant in Klaipeda, Lithuania. The use of local waste reduces CO_2-emissions and the environmental impact in the area.

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 third quarter, new offerings were launched to district heating customers in Sweden. 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.

Furthermore, the restructuring of the production company TSME (Turun Seudun Maakaasu ja Energiatuotanto Oy) progressed and the city of Turku in Finland approved the TSME production and distribution arrangement in the Turku region. A letter of intent regarding consolidating energy production to one co-owned production company, TSME, was signed in December 2010. The finalisation of the agreement is expected by the end of 2011.

Heat sales by area, TWh	III/11	III/10	I-III/2011	I-III/2010	2010	LTM
Finland	1.2	1.2	6.3	6.5	9.6	9.4
Sweden	0.6	0.8	6.0	7.2	10.9	9.7
Poland	0.2	0.3	2.8	2.6	4.0	4.2
Other countries	0.1	0.1	1.0	1.0	1.6	1.6
Total	2.1	2.4	16.1	17.3	26.1	24.9

Power sales, TWh	III/11	III/10	I-III/2011	I-III/2010	2010	LTM
Total	0.8	0.8	4.7	4.3	6.5	6.9

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	III/11	III/10	I-III/2011	I-III/2010	2010	LTM
Sales	156	137	646	550	804	900
- power sales	132	111	429	355	505	579
- heat sales	22	24	214	189	287	312
- other sales	2	2	3	6	12	9
EBITDA	10	35	119	100	139	158
Operating profit	-16	14	39	37	53	55
Comparable operating profit	-16	-16	39	-9	8	56
Comparable EBITDA	10	5	119	54	94	159
Net assets (at period-end)			3,009	2,522	2,817	
Return on net assets, %					2.4	3.2
Comparable return on net assets, %					0.7	3.2
Capital expenditure and gross investments in shares	219	84	486	342	599	743
Number of employees			4,488	4,332	4,294	

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

The Russian wholesale power market has been liberalised from the beginning of 2011. All generating companies continue to sell a part of their electricity and capacity equalling the consumption of households under regulated prices. In January-September 2011, OAO Fortum sold 84% 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”) will receive guaranteed payments for a period of 10 years. Prices for capacity under CSA are defined to ensure a sufficient return on investments.

Capacity that is not under CSA will compete in competitive capacity selection (CCS – “old capacity”). In December 2010, the first CCS for the year 2011 was held in accordance with the new rules of the capacity market. The new rules stipulate that capacity payments under CCS are made according to available capacity instead of the previously used installed capacity. This decreases the old capacity payments for CHP power plants, especially during the summer period. The original plan to decide on the CCS for the 2012-2015 period during the fourth quarter of 2011 has been changed and now only covers the year 2012.

Penalty clauses are included in the CSA agreement. At the time of the acquisition in 2008, Fortum made provision for penalties caused by possible delays. These possible penalties can be claimed if the new capacity is substantially delayed or if the agreed major terms of the capacity supply agreement (CSA) are not otherwise fulfilled. The new CSA rules clarified the treatment of possible penalties and they are now defined at the power plant level. This means that Fortum's risk for possible penalties under the CSA agreement is proportionally decreasing when a new unit starts 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).

July - September

The Russia Division's power sales volumes amounted to 4.4 (3.8) TWh during the third quarter of 2011. During the same period, heat sales totalled 2.2 (2.3) TWh.

The Russia Division’s comparable operating loss was EUR 16 (16) million in the third quarter of 2011. The positive effect of commissioning the new units at the Tyumen CHP-1 and Chelyabinsk CHP-3 power plants was offset, however, by decreased capacity payments and volumes for the old capacity, as the rules from 2011 stipulate that old capacity payments are made according to available capacity instead of earlier (2010) used installed capacity. In addition, there was some negative impact from decreased power and heat margins due to higher fuel costs and flat energy spot market prices.

Key electricity, capacity and gas prices for OAO Fortum	III/11	III/10	I-III/2011	I-III/2010	2010	LTM
Electricity spot price (market price), Urals hub, RUB/MWh	939	936	948	842	835	915
Average regulated gas price, Urals region, RUB/1000 m3	2,548	2,221	2,548	2,221	2,221	2,466
Average capacity price for CCS “old capacity”, tRUB/MW/month*	140	157	155	166	191	188
Average capacity price for CSA “new capacity”, tRUB/MW/month*	568	n/a	580	n/a	n/a	n/a
Average capacity price, tRUB/MW/month	198	157	195	166	191	213
Achieved power price for OAO Fortum, EUR/MWh	30.0	28.8	29.4	25.8	27.0	29.7

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

January - September

The Russia Division's power sales volumes amounted to 14.6 (13.8) TWh during January-September of 2011. During the same period, heat sales totalled 17.5 (17.8) TWh.

The comparable operating profit, EUR 39 (-9) million, was higher than in the previous year due to the commissioning of the new power plant units and higher electricity market prices during the first half of the year. The positive electricity market price development was partly offset by lower old capacity income as the new rules from 2011 stipulate that old capacity payments are made according to available capacity instead of earlier (2010) used installed capacity. This decreases the old capacity payments for CHP power plants especially during the summer period. In addition, higher fuel costs and flat energy spot market prices burdened the result. A reversal in the second quarter 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 period by EUR 22 (-) 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 price differs depending on the age, location, type and size of the plant as well as seasonality. The first and fourth quarters have higher old capacity income than the second and third quarters. The return for the new capacity is guaranteed. It can vary somewhat because it is linked to the 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 September 2011, is estimated to be approximately EUR 1.1 billion as of October 2011.

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.

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

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	III/11	III/10	I-III/2011	I-III/2010	2010	LTM
Sales	203	196	729	676	963	1,016
- distribution network transmission	167	163	619	580	820	859
- regional network transmission	21	21	70	68	92	94
- other sales	15	12	40	28	51	63
Operating profit	60	62	437	228	321	530
Comparable operating profit	62	61	246	216	307	337
Comparable EBITDA	108	106	385	348	485	522
Net assets (at period-end)			3,463	3,560	3,683	
Return on net assets, %					9.7	15.3
Comparable return on net assets, %					9.3	9.9
Capital expenditure and gross investments in shares	73	51	169	127	213	255
Number of employees			894	1,090	962	

July - September

The volume of distribution and regional network transmissions during the third quarter of 2011 totalled 4.9 (5.0) TWh and 3.6 (3.8) TWh, respectively.

The Distribution business area's comparable operating profit was EUR 62 (61) million. The result remained at approximately the same level as slight efficiency improvements achieved were offset by seasonal effects.

January - September

In January-September 2011, electricity transmission via the regional network totalled 10.3 (10.9) TWh in Sweden and 2.0 (2.0) TWh in Finland.

The Distribution business area's comparable operating profit was EUR 246 (216) million, or EUR 30 million higher than in the previous year. The improvement is due to increased efficiency, the lower cost of electricity grid losses and a stronger SEK.

The rollout of smart metering to the network customers in Finland proceeded according to plan during the third quarter. The installations of smart meters started at the end of March. The new Finnish legislation on hourly meter reading will be effective as of 1 January 2014. In Norway, the installations of smart meters to the network customers will commence in 2013. Norwegian authorities require hourly-based meter reading before the end of 2016.

In Sweden, a new network income regulation model will come into effect on 1 January 2012. According to the new model, the Energy Markets Inspectorate (EI) will decide in advance on the levels of the allowed income during a four-year period. Decisions about the income frames for 2012-2015 are expected to be made before 31 October 2011.

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

Volume of distributed electricity in distribution network, TWh	III/11	III/10	I-III/2011	I-III/2010	2010	LTM
Sweden	2.7	2.8	10.3	10.7	15.2	14.8
Finland	1.8	1.8	7.0	7.0	10.0	10.0
Norway	0.4	0.4	1.7	1.8	2.5	2.4
Estonia	0.0	0.0	0.1	0.1	0.2	0.2
Total	4.9	5.0	19.1	19.6	27.9	27.4

Number of electricity distribution customers by area, thousands	30 September 2011	30 September 2010
Sweden	893	888
Finland	625	616
Norway	101	100
Estonia	24	24
Total	1,643	1,628

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	III/11	III/10	I-III/2011	I-III/2010	2010	LTM
Sales	139	305	695	1,269	1,798	1,224
- power sales	134	301	680	1,254	1,778	1,204
- other sales	5	4	15	15	20	20
Operating profit	6	12	9	6	46	49
Comparable operating profit	4	11	25	8	11	28
Comparable EBITDA	4	11	26	10	13	29
Net assets (at period-end)			43	55	210	
Return on net assets, %					38.4	48.5
Comparable return on net assets, %					9.3	30.5
Capital expenditure and gross investments in shares	0	0	4	0	0	4
Number of employees			507	521	525	

July - September

During the third quarter of 2011, the business area's electricity sales volumes totalled 2.4 (5.6) TWh. The restructuring of the Business Market segment reduced the sales volume.

Electricity Sales' comparable operating profit in the third quarter of 2011 totalled EUR 4 (11) million. Strong competition has continued to put pressure on the comparable operating profit.

January - September

Electricity sales volumes in January-September were 10.8 (21.7) TWh. Volumes were significantly reduced as a result of the restructuring of the Business Market segment.

Comparable operating profit increased significantly and totalled EUR 25 (8) 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.

Capital expenditures, divestments and investments in shares

Capital expenditures and investments in shares totalled EUR 390 (237) million in the third quarter of 2011. Investments, excluding acquisitions, were EUR 366 (230) million.

In January-September, capital expenditures and investments in shares totalled EUR 962 (750) million. Investments, excluding acquisitions, were EUR 899 (723) 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		2011
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**				
Tobolsk	Gas (STPP)	200		Q4 2011
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. Based on the latest progress information submitted by the AREVA-Siemens Consortium, TVO's turnkey supplier of Olkiluoto 3, TVO estimates that the start of regular operation of the Olkiluoto 3 nuclear power plant unit may be postponed until 2014. The supplier is responsible for the time schedule and TVO has requested an analysis of the anticipated date for the start of regular operation.

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. The subscription price shall be paid in 2011 at a date to be decided by TVO's Board of Directors. The increase in the share capital is in line with the original plan and a part of Fortum's EUR 180 million share capital commitments to finance the Olkiluoto 3 project.

Heat

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

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

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 production with biofuels.

In September 2011, divestments of smaller heating-only-boilers continued.

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 have 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 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 third energy market package that calls for the separation of high-voltage transmission and power generation. The package entered into force in September 2009.

Financing

Net debt increased during the third quarter by EUR 146 million to EUR 6,929 million (year-end 2010: EUR 6,826 million).

Net debt to EBITDA for the last twelve months was 2.5 (3.0 at year-end 2010). Comparable net debt to EBITDA for the last twelve months was 2.8 (2.8 at year-end 2010).

At the end of the quarter, the Groups liquid funds totalled EUR 685 million (year-end 2010: EUR 556 million). The liquid funds include cash and bank deposits held by OAO Fortum amounting to EUR 205 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 for January-September were EUR 199 (98) 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 -2 (20 million).

On July 11, 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, will be approximately EUR 2.7 billion.

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

Shares and share capital

Fortum Corporation is listed on the NASDAQ OMX Helsinki Ltd. During January-September 2011, a total of 400.1 (396.5) million Fortum Corporation shares, totalling EUR 8,258 million, were traded on the NASDAQ OMX Helsinki Ltd. The highest quotation of Fortum Corporation shares during the reporting period was EUR 24.09, the lowest EUR 15.63, and the volume-weighted average EUR 20.63. The closing quotation on the last trading day of the third quarter of 2011 was EUR 17.70

(19.19). Fortum's market capitalisation, calculated using the closing quotation of the last trading day of the quarter, was EUR 15,724 million.

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

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

The number of registered shareholders was 100,982 at the end of the review period. The Finnish State's holding in Fortum was 50.8% at the end of the quarter. The proportion of nominee registrations and direct foreign shareholders was 29.3%.

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.

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

Group personnel

Fortum’s operations are mainly based in the Nordic countries, Russia and Baltic Rim area. The company’s has employees in Finland, Sweden, Norway, Russia, Poland, Estonia, Latvia, Lithuania and Great Britain. The total number of employees at the end of the period was 11,041 (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 the period, the Power Division had 1,902 (1,819) employees, the Heat Division 2,627 (2,394), the Russia Division 4,488 (4,294), Distribution 894 (962), Electricity Sales 507 (525) and Other 623 (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. As an outcome of the corporate strategy review process, Fortum decided during the third quarter that the company will assess the business potential of solar energy. This assessment would include a global solar market outlook, value chain and business model analysis, and a comprehensive view of the development potential of various solar power and heat technologies.

In the third quarter of 2011, two important milestones were reached in nuclear R&D. First of all, the Radiation and Nuclear Safety Authority Finland (STUK) approved the modification of the seals in the Loviisa nuclear power plant’s main circulation pumps with an antimony-free material, and the implementation can take place during next year's refuelling outage. This will improve employees’ safety since antimony causes approximately half of the radioactive dose for the personnel during the outages. In addition, a licence for higher fuel burn-up for the Loviisa nuclear power plant was approved by STUK in July. This allows more efficient usage of the fuel, i.e. generating more energy with less fuel.

Development in the area of solutions for urban sustainability continued actively; Preparation of an application to Swedish Energy Agency regarding the Stockholm Royal Seaport implementation plan continued. A home energy display product was launched for all customers in the Nordic countries in September 2011.

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

Sustainability

Fortum strives for balanced management of economic, social and environmental responsibility in the company's operations. The company has defined both Group- and division-level sustainability targets guiding operations and key indicators to monitor the targets. Climate change mitigation and the reduction of carbon-dioxide emissions are important goals that affect the energy sector and the development of electricity and heat production, likewise, other environmental targets, together with occupational health and safety targets, are also in focus. Fortum has been listed in the Dow Jones Sustainability Index World for nine consecutive years, and in September the company was included as a sector leader in the Carbon Disclosure Leadership Index, and also in all STOXX Global ESG Leaders Indices. In oekom's rating, Fortum belongs to the "Prime" class.

Economic responsibility

In the area of economic responsibility, the focus is on competitiveness, performance excellence and market-driven production. The aim is to create long-term economic well-being, enable profitable growth and added value for shareholders, customers, employees, 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 Group-level climate and environmental targets are related to carbon-dioxide emissions, energy efficiency and environmental management system certifications. In addition, the divisions have defined their own environmental goals related to their respective business. The achievements of the environmental targets are monitored through monthly, quarterly and annual reporting.

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

At the end of September 2011, the five-year average for specific CO_2 emissions in power generation in the EU was at 69 g/kWh and the specific CO_2 emissions from the total energy production was at 167 g/kWh, both better than the target level. Fortum's total CO_2 emissions in the third quarter of 2011 amounted to 3.5 (3.8) million tonnes (Mt), of which 0.7 (1.0) Mt were within the EU's emission trading scheme (ETS).

In January-September 2011, approximately 62% (67%) of the power generated by Fortum was CO_2-free. The corresponding figure for Fortum's generation within the EU was 84% (87%). The decreased share of CO_2-free power is mainly due to increased coal-condensing production, i.e. the use of Inkoo and Meri-Pori due to dry weather and the higher weight of Russian operations in the production portfolio.

Overall efficiency of fuel use was 68.9% as a five-year average, the target being >70%. During January-September, 98% of all operations in the EU had been ISO 14001 environmentally certified.

Fortum's total CO_2 emissions (million tonnes, Mt)	III/11	III/10	I-III/2011	I-III/2010	2010	LTM
Total emissions	3.5	3.8	17.5	17.5	25.3	25.3
Emissions subject to ETS	0.7	1.0	6.4	6.7	9.7	9.4
Free emissions allocation	-	-	-	-	5.6	-
Emissions in Russia	2.9	2.6	10.5	10.2	14.6	14.9

Fortum's specific CO_2 emissions from power generation (g/kWh)	III/11	III/10	I-III/2011	I-III/2010	2010	LTM
Total emissions	160	178	202	179	189	206
Emissions in the EU	26	46	100	71	84	105
Emissions in Russia	542	606	491	528	532	503

Social responsibility

In the area of social responsibility, Fortum's key targets are good corporate citizenship and ensuring a safe working environment for all employees and contractors at Fortum sites. In addition to ISO 14001, the goal is to have OHSAS 18001 certification for all operational management systems. In January-September, the Group-level lost workday injury frequency (LWIF) improved and was at a good level at 1.7 (2.4). 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.

Important events after the reporting period

Fortum completed the third project of its Russian investment programme at Tobolsk, in the Tyumen region. The new power capacity commissioned adds approximately 200 MW to the market. The new capacity was taken into commercial operation on 1 October 2011.

Fortum and DCNS signed a Letter of Intent on cooperation in the field of wave power research and development in France in October. A joint feasibility study for a wave power demonstration project is planned to be started by the end of 2011. Fortum has been actively involved in wave energy development since 2007.

In addition, Fortum's Board of Directors' approved 19 October 2011 the shareholders agreement regarding consolidating energy production to one co-owned production company, TSME (Turun Seudun Maakaasu ja Energiatuotanto Oy).The Letter of Intent was signed by Fortum, Turku Energy and the cities of Naantali, Kaarina and Raiso in 2010.

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 increasing global economic uncertainty and Europe's sovereign-debt crisis weakens 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.

For further details on Fortum's risks and risk management, see Fortum's Operating and Financial Review and Financial Statements for 2010.

Nordic market

Electricity will continue to gain a higher share of the total energy consumption. Fortum currently expects that the annual electricity demand growth in the Nordic countries will be about 0.5% in the coming years.

Oil, coal and gas prices have decreased a few percentages during the third quarter of 2011. CO_2 prices, however, decreased by over 20% at the end of the quarter due to financial uncertainty in Europe and energy-efficiency proposals in the EU.

In Germany, forward prices were at approximately the same level at the end of the quarter as in the previous quarter. Increased water reservoir levels as well as decreased CO_2 price impacted Nordic forward prices which decreased by about 6%.

In mid-October 2011, the electricity forward price in Nord Pool for the rest of 2011 was around EUR 44 per MWh. The electricity forward price for 2012 was around EUR 44 per MWh and for 2013 around EUR 44 per MWh. In Germany, the electricity forward price for the rest of the year was around EUR 59 per MWh and EUR 56 per MWh for 2012. At the same time, the future quotations for coal (ICE Rotterdam) for the rest of 2011 were around USD 118 per tonne and the market price for CO_2-emissions allowances (EUA) for 2011 was about EUR 10 per tonne.

In mid-October 2011, Nordic water reservoirs were about 4 TWh above the long-term average and 19 TWh above the corresponding level of 2010.

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 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”) will receive guaranteed payments for a period of 10 years. Prices for capacity under CSA are defined in order to ensure a sufficient return on investments. Capacity not under CSA will compete in competitive capacity selection (CCS – “old capacity”).

In December 2010, the first auction 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 the available capacity instead of the previously used installed capacity. This decreases the old capacity payments for CHP power plants, especially during the summer period. The original plan to decide the CCS for the 2012-2015 period during the fourth quarter in 2011 has been changed and now covers only the year 2012.

Upon completion, OAO Fortum's new capacity will be a key driver for solid earnings growth in Russia as it will bring income from new volumes sold and receive considerably higher capacity payments than the old capacity. However, the price differs, depending on age, the location, size and type of the plants as well as seasonality. The first and fourth quarters have higher old capacity income than the second and third quarters due to the seasonality of the business. The return for the new capacity is guaranteed, but could vary somewhat because it is linked to the 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 September 2011, is estimated to be approximately EUR 1.1 billion as of October 2011. The first two new units started capacity sales in early February and June 2011. The third unit in Tobolsk was taken into commercial operation on 1 October 2011.

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

Capital expenditure and divestments

Fortum currently expects its capital expenditure in 2011 to be around EUR 1.5 billion and in 2012 to be around EUR 1.6 -1.8 billion, excluding potential acquisitions. The annual level of Fortum's capital expenditure in 2013-2014 is estimated to total EUR 1.1-1.4 billion. The main reason for high capital expenditures in 2011-2012 is the acceleration of Fortum's Russian investment programme. The annual maintenance capital expenditure is estimated to be about EUR 500-550 million in 2011, approximately at the level of depreciation.

In March 2011, Fortum divested its district heat operations outside the Stockholm area in Sweden. The sales price was approximately EUR 220 million. In addition, Fortum finalised the divestment of its 25% shareholding in the Finnish transmission system operator Fingrid Oyj in April 2011. The sales price was EUR 325 million.

Taxation

The effective corporate tax rate for Fortum in 2011 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.

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

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

Hedging

At the end of September 2011, approximately 65% of the Power Division's estimated Nordic power sales volume was hedged at approximately EUR 47 per MWh for the rest of the 2011 calendar year. The corresponding figures for the 2012 calendar year are about 55% at approximately EUR 47 per MWh. And the corresponding figures for the 2013 calendar year are approximately 25% 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.

Fortum believes that additional safety criteria may be introduced for new and nuclear power plants. In 2011, the Power Division's costs are estimated to remain roughly at the same level as in 2010 excluding the SEK translation and Swedish hydro property tax effects. The impact of the expired Russian power import contract is estimated to be approximately EUR -40 million for the full-year 2011. The Power Division’s comparable operating profit is expected to be more year-end weighted in 2011 compared to 2010, mainly driven by improved nuclear availability and increased hydro volumes.

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 earlier this year.

According to the legislation in Sweden, the nuclear waste fees and guarantees are updated at regular intervals. The next period covers 2012 – 2014.The Swedish nuclear authority has therefore sent a proposal, which indicates an increase in fees. The Government will decide upon the fees and the guarantees by the end of 2011.

Fortum has managed its performance well and has maintained a solid financial position in a volatile and challenging environment. The strong balance sheet, combined with a flexible, cost-efficient and sustainable generation portfolio, creates a firm basis going forward.

Espoo, 19 October 2011
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 condensed interim financial statements have been prepared in accordance with International Accounting Standards (IAS) 34, Interim Financial Reporting, as adopted by the EU. The interim financials have not been audited.

Fortum's Annual General Meeting is planned to take place on 11 April 2012 and the possible dividend-related dates planned for 2012 are:
- The ex-dividend date 12 April 2012,
- The record date for dividend payment 16 April 2012 and
- The 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:
- Financial statement bulletin for the year 2011 will be published on 1 February 2012 at approximately 9:00 EET.
- 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

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Tables to the interim financial statements

Condensed consolidated income statement

EUR million	Note	Q3 2011	Q3 2010	Q1-Q3 2011	Q1-Q3 2010	2010	Last twelve months
Sales	4	**1 144**	1 152	**4 494**	4 394	6 296	6 396
Other income		**18**	30	**51**	85	108	74
Materials and services		**-438**	-475	**-1 907**	-1 936	-2 846	-2 817
Employee benefit costs		**-116**	-116	**-387**	-374	-507	-520
Depreciation, amortisation and impairment charges	4,12,13	**-147**	-140	**-451**	-416	-563	-598
Other expenses		**-164**	-149	**-506**	-461	-655	-700
Comparable operating profit		**297**	302	**1 294**	1 292	1 833	1 835
Items affecting comparability		**17**	10	**529**	95	-125	309
Operating profit		**314**	312	**1 823**	1 387	1 708	2 144
Share of profit/loss of associates and joint ventures	4, 14	**-2**	10	**72**	41	62	93
Interest expense		**-74**	-48	**-206**	-140	-197	-263
Interest income		**13**	18	**43**	53	72	62
Fair value gains and losses on financial instruments		**1**	1	**-2**	20	12	-10
Other financial expenses - net		**-12**	-8	**-34**	-31	-42	-45
Finance costs - net		**-72**	-37	**-199**	-98	-155	-256
Profit before income tax		**240**	285	**1 696**	1 330	1 615	1 981
Income tax expense	9	**-46**	-45	**-278**	-236	-261	-303
Profit for the period		**194**	240	**1 418**	1 094	1 354	1 678
Attributable to:							
Owners of the parent		**198**	247	**1 348**	1 069	1 300	1 579
Non-controlling interests		**-4**	-7	**70**	25	54	99
		194	240	**1 418**	1 094	1 354	1 678
Earnings per share (in € per share)	10						
Basic		**0.23**	0.27	**1.52**	1.20	1.46	**1.78**
Diluted		**0.23**	0.27	**1.52**	1.20	1.46	**1.78**

EUR million	Q3 2011	Q3 2010	Q1-Q3 2011	Q1-Q3 2010	2010	Last twelve months
Comparable operating profit	**297**	302	**1 294**	1 292	1 833	1 835
Non-recurring items (capital gains and losses)	**0**	36	**275**	86	93	282
Changes in fair values of derivatives hedging future cash flow	**23**	-16	**272**	5	-216	51
Nuclear fund adjustment	**-6**	-10	**-18**	4	-2	-24
Items affecting comparability	**17**	10	**529**	95	-125	309
Operating profit	**314**	312	**1 823**	1 387	1 708	2 144

Condensed consolidated statement of comprehensive income

EUR million	**Q3 2011**	Q3 2010	**Q1-Q3 2011**	Q1-Q3 2010	2010	2009
Profit for the period	**194**	240	**1 418**	1 094	1 354	1 351
Other comprehensive income						
Cash flow hedges						
Fair value gains/losses in the period	**48**	39	**193**	-119	-583	-195
Transfers to income statement	**68**	-15	**399**	-18	1	-218
Transfers to inventory/fixed assets	**-10**	2	**-16**	-6	-16	-4
Tax effect	**-26**	-5	**-149**	34	151	108
Net investment hedges						
Fair value gains/losses in the period	**0**	-20	**2**	-30	-1	-25
Tax effect	**0**	5	**0**	8	0	6
Available for sale financial assets						
Fair value changes in the period	**0**	-1	**-1**	-1	0	0
Exchange differences on translating foreign operations	**-233**	-189	**-241**	255	344	21
Share of other comprehensive income of associates [1)]	**-1**	19	**0**	-61	-69	-37
Other changes	**-1**	-1	**6**	0	-16	1
Other comprehensive income for the period, net of tax	**-155**	-166	**193**	62	-189	-343
Total comprehensive income for the year	**39**	74	**1 611**	1 156	1 165	1 008
Total comprehensive income attributable to						
Owners of the parent	**55**	79	**1 558**	1 093	1 064	971
Non-controlling interests	**-16**	-5	**53**	63	101	37
	39	74	**1 611**	1 156	1 165	1 008
1) Of which fair value change in Hafslund ASA's						
shareholding in REC incl. translation differences	**0**	16	**0**	-69	-77	-37

Condensed consolidated balance sheet

EUR million	Note	Sept 30 2011	Sept 30 2010	Dec 31 2010
ASSETS				
Non-current assets				
Intangible assets	12	**393**	382	421
Property, plant and equipment	13	**14 589**	14 193	14 621
Participations in associates and joint ventures	4, 14	**1 961**	2 130	2 161
Share in State Nuclear Waste Management Fund	17	**646**	616	625
Pension assets		**67**	66	62
Other non-current assets		**71**	70	72
Deferred tax assets		**148**	57	141
Derivative financial instruments	6	**321**	232	183
Long-term interest-bearing receivables		**1 142**	1 109	1 149
Total non-current assets		**19 338**	18 855	19 435
Current assets				
Inventories		**471**	455	387
Derivative financial instruments	6	**291**	128	148
Trade and other receivables		**724**	784	1 284
Bank deposits		**119**	9	271
Cash and cash equivalents		**566**	971	285
Liquid funds	16	**685**	980	556
Assets held for sale	7	**-**	-	154
Total current assets		**2 171**	2 347	2 529
Total assets		**21 509**	21 202	21 964
EQUITY				
Equity attributable to owners of the parent				
Share capital	15	**3 046**	3 046	3 046
Share premium		**73**	73	73
Retained earnings		**5 754**	5 155	5 448
Other equity components		**57**	-35	-357
Total		**8 930**	8 239	8 210
Non-controlling interests		**490**	497	532
Total equity		**9 420**	8 736	8 742
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities	16	**6 901**	6 464	6 520
Derivative financial instruments	6	**160**	157	238
Deferred tax liabilities		**1 885**	1 810	1 725
Nuclear provisions	17	**646**	616	625
Other provisions	18	**212**	231	239
Pension obligations		**28**	22	20
Other non-current liabilities		**468**	468	471
Total non-current liabilities		**10 300**	9 768	9 838
Current liabilities				
Interest-bearing liabilities	16	**713**	1 124	862
Derivative financial instruments	6	**229**	619	1 207
Trade and other payables		**847**	955	1 265
Liabilities related to assets held for sale	7	**-**	-	50
Total current liabilities		**1 789**	2 698	3 384
Total liabilities		**12 089**	12 466	13 222
Total equity and liabilities		**21 509**	21 202	21 964

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			1 348					1 348	70	1 418
Translation differences				-215	-2		-2	-219	-22	-241
Other comprehensive income			9		422	1	-3	429	5	434
Total comprehensive income for the period			1 357	-215	420	1	-5	1 558	53	1 611
Cash dividend			-888					-888		-888
Dividends to non-controlling interests								0	-21	-21
Changes due to business combinations			52			-2		50	-74	-24
Total equity 30 September 2011	**3 046**	**73**	**6 247**	**-493**	**1**	**-1**	**57**	**8 930**	**490**	**9 420**
Total equity 31 December 2009	**3 046**	**73**	**5 329**	**-567**	**21**	**1**	**131**	**8 034**	**457**	**8 491**
Net profit for the period			1 069					1 069	25	1 094
Translation differences				211	1		11	223	44	267
Other comprehensive income			1		-105	-23	-72	-199	-6	-205
Total comprehensive income for the period			1 070	211	-104	-23	-61	1 093	63	1 156
Cash dividend			-888					-888		-888
Dividends to non-controlling interests								0	-22	-22
Changes due to business combinations								0	-1	-1
Total equity 30 September 2010	**3 046**	**73**	**5 511**	**-356**	**-83**	**-22**	**70**	**8 239**	**497**	**8 736**
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 -219 million during Q1-Q3 2011 (Q1-Q3 2010: 223) including net effect from SEK, NOK and RUB amounting to EUR -206 million in Q1-Q3 2011 (Q1-Q3 2010: 216).

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 420 million during Q1-Q3 2011 (Q1-Q3 2010: -104), 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	Q3 2011	Q3 2010	Q1-Q3 2011	Q1-Q3 2010	2010	Last twelve months
Cash flow from operating activities							
Net profit for the period		**194**	240	**1 418**	1 094	1 354	1 678
Adjustments:							
Income tax expenses		**46**	45	**278**	236	261	303
Finance costs-net		**72**	37	**199**	98	155	256
Share of profit of associates and joint ventures		**2**	-10	**-72**	-41	-62	-93
Depreciation, amortisation and impairment charges		**147**	140	**451**	416	563	598
Operating profit before depreciations (EBITDA)		**461**	452	**2 274**	1 803	2 271	2 742
Non-cash flow items and divesting activities		**-31**	-25	**-600**	-98	124	-378
Interest received		**15**	17	**48**	55	66	59
Interest paid		**-57**	-27	**-227**	-160	-234	-301
Dividends received		**7**	2	**108**	53	62	117
Realised foreign exchange gains and losses and other financial items		**35**	-118	**-219**	-397	-535	-357
Taxes		**-104**	-93	**-362**	-248	-355	-469
Funds from operations		**326**	208	**1 022**	1 008	1 399	1 413
Change in working capital	19	**-49**	65	**119**	208	38	-51
Total net cash from operating activities		**277**	273	**1 141**	1 216	1 437	1 362
Cash flow from investing activities							
Capital expenditures	19	**-361**	-216	**-864**	-702	-1 134	-1 296
Acquisitions of shares	19	**-24**	-7	**-44**	-8	-28	-64
Proceeds from sales of fixed assets		**8**	0	**11**	3	7	15
Divestments of shares	19	**29**	18	**474**	140	147	481
Change in interest-bearing receivables		**-18**	-7	**75**	-60	-94	41
Total net cash used in investing activities		**-366**	-212	**-348**	-627	-1 102	-823
Cash flow before financing activities		**-89**	61	**793**	589	335	539
Cash flow from financing activities							
Proceeds from long-term liabilities		**43**	698	**951**	822	924	1 053
Payments of long-term liabilities		**-8**	-358	**-305**	-389	-912	-828
Change in short-term liabilities		**-60**	-63	**-393**	-43	191	-159
Dividends paid to the owners of the parent		**-**	-	**-888**	-888	-888	-888
Other financing items		**6**	-13	**-14**	-32	-25	-7
Total net cash used in financing activities		**-19**	264	**-649**	-530	-710	-829
Total net increase(+) / decrease(-) in liquid funds		**-108**	325	**144**	59	-375	-290
Liquid funds at the beginning of the period		**811**	694	**556**	890	890	980
Foreign exchange differences in liquid funds		**-18**	-39	**-15**	31	41	-5
Liquid funds at the end of the period		**685**	980	**685**	980	556	685

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 485 million for Q1-Q3 2011 (Q1-Q3 2010: 143), 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 -215 million for Q1-Q3 2011 (Q1-Q3 2010: -394) 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	Q3 2011	Q3 2010	Q1-Q3 2011	Q1-Q3 2010	2010	Last twelve months
Net debt beginning of the period	**6 783**	6 506	**6 826**	5 969	5 969	6 608
Foreign exchange rate differences	**-29**	124	**-90**	196	244	-42
EBITDA	**461**	452	**2 274**	1 803	2 271	2 742
Paid net financial costs, taxes and adjustments for non-cash and divestment items	**-135**	-244	**-1 252**	-795	-872	-1 329
Change in working capital	**-49**	65	**119**	208	38	-51
Capital expenditures	**-361**	-216	**-864**	-702	-1 134	-1 296
Acquisitions	**-24**	-7	**-44**	-8	-28	-64
Divestments	**37**	18	**485**	143	154	496
Change in interest-bearing receivables	**-18**	-7	**75**	-60	-94	41
Dividends	**-**	-	**-888**	-888	-888	-888
Other financing activities	**6**	-13	**-14**	-32	-25	-7
Net cash flow (- increase in net debt)	**-83**	48	**-109**	-331	-578	-356
Fair value change of bonds, amortised cost valuation and other	**92**	26	**84**	112	35	7
Net debt end of period	**6 929**	6 608	**6 929**	6 608	6 826	6 929

Key ratios

	Sept 30 2011	June 30 2011	March 31 2011	Dec 31 2010	Sept 30 2010	June 30 2010	March 31 2010	Last twelve months
EBITDA, EUR million	2 274	1 813	1 049	2 271	1 803	1 351	861	**2 742**
Comparable EBITDA, EUR million	1 745	1 301	798	2 396	1 708	1 266	788	**2 433**
Earnings per share (basic), EUR	1.52	1.29	0.76	1.46	1.20	0.93	0.63	**1.78**
Capital employed, EUR million	17 034	16 998	16 560	16 124	16 324	15 862	15 642	**N/A**
Interest-bearing net debt, EUR million	6 929	6 783	6 367	6 826	6 608	6 506	5 679	**N/A**
Capital expenditure and gross investments in shares, EUR million	962	572	205	1 249	750	513	216	**1 461**
Capital expenditure, EUR million	899	533	167	1 222	723	493	196	**1 398**
Return on capital employed, % 1)	14.3	16.1	19.1	11.6	12.2	14.3	18.7	**13.5**
Return on shareholders' equity, % 1)	19.1	22.0	26.9	15.7	16.6	19.3	25.7	**18.5**
Net debt / EBITDA 1)	2.4	2.2	1.8	3.0	2.8	2.5	1.7	**2.5**
Comparable net debt / EBITDA 1)	3.0	2.6	2.0	2.8	2.9	2.6	1.8	**2.8**
Interest coverage	11.2	14.8	19.0	13.7	15.9	18.7	24.2	**10.7**
Interest coverage including capitalised borrowing costs	9.1	12.0	15.1	10.0	11.4	13.7	18.7	**8.6**
Funds from operations/interest-bearing net debt, % 1)	20.7	24.2	34.8	20.5	22.3	28.8	44.9	**20.4**
Gearing, %	74	72	72	78	76	75	67	**N/A**
Equity per share, EUR	10.05	9.93	9.30	9.24	9.27	9.19	8.96	**N/A**
Equity-to-assets ratio, %	44	44	39	40	41	42	40	**N/A**
Number of employees	11 041	11 342	10 976	10 585	10 865	11 406	11 290	**N/A**
Average number of employees	11 062	11 030	10 913	11 156	11 302	11 393	11 435	**N/A**
Average number of shares, 1 000 shares	888 367	888 367	888 367	888 367	888 367	888 367	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	**N/A**

1) 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. The interim financial statements have not been audited.

2. Accounting policies

The same accounting policies and presentation have been followed in these condensed interim financial statements as were applied in the preparation of the consolidated financial statements as at and for the year ended 31 December 2010 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	Q3 2011	Q3 2010	Q1-Q3 2011	Q1-Q3 2010	2010	Last twelve months
Power sales excluding indirect taxes	**723**	743	**2 551**	2 569	3 615	3 597
Heating sales	**173**	186	**1 128**	1 059	1 596	1 665
Network transmissions	**188**	184	**689**	648	912	953
Other sales	**60**	39	**126**	118	173	181
Total	**1 144**	1 152	**4 494**	4 394	6 296	6 396

Sales by segment EUR million	Q3 2011	Q3 2010	Q1-Q3 2011	Q1-Q3 2010	2010	Last twelve months
Power 1)	**560**	584	**1 827**	1 950	2 702	2 579
- of which internal	***35***	*-10*	***-92***	*-144*	*-281*	*-229*
Heat 1)	**212**	220	**1 259**	1 172	1 770	1 857
- of which internal	***2***	*1*	***2***	*-3*	*-8*	*-3*
Russia	**156**	137	**646**	550	804	900
- of which internal	***-***	*-*	***-***	*-*	*-*	*-*
Distribution	**203**	196	**729**	676	963	1 016
- of which internal	***3***	*3*	***11***	*10*	*18*	*19*
Electricity Sales 1)	**139**	305	**695**	1 269	1 798	1 224
- of which internal	***11***	*20*	***82***	*100*	*158*	*140*
Other 1)	**27**	23	**76**	44	51	83
- of which internal	***3***	*35*	***120***	*96*	*169*	*193*
Netting of Nord Pool transactions 2)	**-99**	-264	**-615**	-1 208	-1 736	-1 143
Eliminations	***-54***	*-49*	***-123***	*-59*	*-56*	*-120*
Total	**1 144**	1 152	**4 494**	4 394	6 296	6 396

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	Q3 2011	Q3 2010	Q1-Q3 2011	Q1-Q3 2010	2010	Last twelve months
Power	**268**	267	**850**	962	1 298	1 186
Heat	**-14**	-12	**182**	153	275	304
Russia	**-16**	-16	**39**	-9	8	56
Distribution	**62**	61	**246**	216	307	337
Electricity Sales	**4**	11	**25**	8	11	28
Other	**-7**	-9	**-48**	-38	-66	-76
Total	**297**	302	**1 294**	1 292	1 833	1 835

Operating profit by segment

EUR million	Q3 2011	Q3 2010	Q1-Q3 2011	Q1-Q3 2010	2010	Last twelve months
Power	**273**	256	**1 033**	1 003	1 132	1 162
Heat	**-10**	-15	**280**	179	303	404
Russia	**-16**	14	**39**	37	53	55
Distribution	**60**	62	**437**	228	321	530
Electricity Sales	**6**	12	**9**	6	46	49
Other	**1**	-17	**25**	-66	-147	-56
Total	**314**	312	**1 823**	1 387	1 708	2 144

Non-recurring items by segment

EUR million	Q3 2011	Q3 2010	Q1-Q3 2011	Q1-Q3 2010	2010	Last twelve months
Power	**0**	5	**2**	6	6	2
Heat [1)]	**0**	0	**79**	22	29	86
Russia	**0**	30	**0**	46	45	-1
Distribution [2)]	**0**	1	**193**	12	12	193
Electricity Sales	**0**	-	**1**	-	-	1
Other	**0**	0	**0**	0	1	1
Total	**0**	36	**275**	86	93	282

1) Non-recurring items in Heat segment for Q1-Q3 2011 include the gain of approximately EUR 80 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 Q1-Q3 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	Q3 2011	Q3 2010	Q1-Q3 2011	Q1-Q3 2010	2010	Last twelve months
Power [1)]	**5**	-16	**181**	35	-172	-26
Heat	**4**	-3	**19**	4	-1	14
Russia	**-**	-	**-**	-	-	-
Distribution	**-2**	0	**-2**	0	2	0
Electricity Sales	**2**	1	**-17**	-2	35	20
Other	**8**	-8	**73**	-28	-82	19
Total	**17**	-26	**254**	9	-218	27
1) Including effects from the accounting of Fortum's part of the Finnish State Nuclear Waste Management Fund with (EUR million):	**-6**	-10	**-18**	4	-2	-24

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	Q3 2011	Q3 2010	Q1-Q3 2011	Q1-Q3 2010	2010	Last twelve months
Power	**295**	293	**931**	1 036	1 398	1 293
Heat	**32**	34	**326**	290	462	498
Russia	**10**	5	**119**	54	94	159
Distribution	**108**	106	**385**	348	485	522
Electricity Sales	**4**	11	**26**	10	13	29
Other	**-5**	-7	**-42**	-30	-56	-68
Total	**444**	442	**1 745**	1 708	2 396	2 433

Depreciation, amortisation and impairment charges by segment EUR million	Q3 2011	Q3 2010	Q1-Q3 2011	Q1-Q3 2010	2010	Last twelve months
Power	**27**	26	**81**	74	100	107
Heat	**46**	46	**144**	137	187	194
Russia	**26**	21	**80**	63	86	103
Distribution	**46**	45	**139**	132	178	185
Electricity Sales	**0**	0	**1**	2	2	1
Other	**2**	2	**6**	8	10	8
Total	**147**	140	**451**	416	563	598

Share of profit/loss in associates and joint ventures by segment EUR million	Q3 2011	Q3 2010	Q1-Q3 2011	Q1-Q3 2010	2010	Last twelve months
Power 1), 2)	**-11**	-4	**-27**	-27	-25	-25
Heat	**3**	3	**12**	22	31	21
Russia	**0**	1	**38**	10	8	36
Distribution	**0**	2	**11**	13	19	17
Electricity Sales	**0**	0	**1**	1	1	1
Other	**6**	8	**37**	22	28	43
Total	**-2**	10	**72**	41	62	93
1) Including effects from the accounting of Fortum's associates part of Finnish and Swedish Nuclear Waste Management Funds with (EUR million):	**-2**	0	**-5**	0	0	-5

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	Sept 30 2011	Sept 30 2010	Dec 31 2010
Power	**876**	898	912
Heat	**146**	159	159
Russia	**433**	418	423
Distribution	**96**	212	217
Electricity Sales	**8**	13	13
Other	**402**	430	437
Total	**1 961**	2 130	2 161

Capital expenditure by segment EUR million	Q3 2011	Q3 2010	Q1-Q3 2011	Q1-Q3 2010	2010	Last twelve months
Power	**31**	27	**83**	62	97	118
Heat	**63**	66	**171**	187	304	288
Russia	**195**	84	**462**	342	599	719
Distribution	**73**	51	**169**	127	213	255
Electricity Sales	**0**	0	**4**	0	0	4
Other	**4**	2	**10**	5	9	14
Total	**366**	230	**899**	723	1 222	1 398
Of which capitalised borrowing costs	**13**	13	**37**	34	45	48

Gross investments in shares by segment EUR million	Q3 2011	Q3 2010	Q1-Q3 2011	Q1-Q3 2010	2010	Last twelve months
Power	**-**	5	**17**	25	25	17
Heat	**-**	1	**22**	1	1	22
Russia	**24**	-	**24**	-	-	24
Distribution	**-**	-	**-**	-	0	0
Electricity Sales	**-**	-	**-**	-	-	-
Other	**-**	1	**0**	1	1	0
Total	**24**	7	**63**	27	27	63

Gross investments in shares in Q1-Q3 2011 in Power segment include additional share capital to be paid to Teollisuuden Voima Oyj. See Note 14. In January 2011 Heat segment invested in two Polish 's entities 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	Sept 30 2011	Sept 30 2010	Dec 31 2010
Power	**5 956**	5 818	5 806
Heat	**3 934**	4 021	4 182
Russia	**3 009**	2 522	2 817
Distribution	**3 463**	3 560	3 683
Electricity Sales	**43**	55	210
Other	**442**	238	29
Total	**16 847**	16 214	16 727

Comparable return on net assets by segment

%	Last twelve months	Dec 31 2010
Power	19.5	22.3
Heat	8.1	7.7
Russia	3.2	0.7
Distribution	9.9	9.3
Electricity Sales	30.5	9.3
Other	-7.6	-7.7

Return on net assets by segment

%	Last twelve months	Dec 31 2010
Power	19.2	19.5
Heat	10.6	8.4
Russia	3.2	2.4
Distribution	15.3	9.7
Electricity Sales	48.5	38.4
Other	-4.5	-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	Sept 30 2011	Sept 30 2010	Dec 31 2010
Power	**6 825**	6 820	6 934
Heat	**4 245**	4 373	4 733
Russia	**3 390**	2 835	3 173
Distribution	**3 956**	4 024	4 207
Electricity Sales	**255**	323	663
Other	**673**	599	723
Eliminations	**-252**	-236	-576
Assets included in Net assets	**19 092**	18 738	19 857
Interest-bearing receivables	**1 157**	1 161	1 208
Deferred taxes	**148**	57	141
Other assets	**427**	266	202
Liquid funds	**685**	980	556
Total assets	**21 509**	21 202	21 964

Liabilities by segments

EUR million	Sept 30 2011	Sept 30 2010	Dec 31 2010
Power	**869**	1 002	1 128
Heat	**311**	352	551
Russia	**381**	313	356
Distribution	**493**	464	524
Electricity Sales	**212**	268	453
Other	**231**	361	694
Eliminations	**-252**	-236	-576
Liabilities included in Net assets	**2 245**	2 524	3 130
Deferred tax liabilities	**1 885**	1 810	1 725
Other liabilities	**345**	544	985
Total liabilities included in Capital employed	**4 475**	4 878	5 840
Interest-bearing liabilities	**7 614**	7 588	7 382
Total equity	**9 420**	8 736	8 742
Total equity and liabilities	**21 509**	21 202	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

	Sept 30 2011	Sept 30 2010	Dec 31 2010
Power	**1 902**	1 892	1 819
Heat	**2 627**	2 434	2 394
Russia	**4 488**	4 332	4 294
Distribution	**894**	1 090	962
Electricity Sales	**507**	521	525
Other	**623**	596	591
Total	**11 041**	10 865	10 585

Average number of employees

	Q1-Q3 2011	Q1-Q3 2010	2010
Power	**1 880**	1 907	1 891
Heat	**2 732**	2 504	2 482
Russia	**4 437**	4 629	4 555
Distribution	**904**	1 126	1 098
Electricity Sales	**508**	544	538
Other	**601**	592	592
Total	**11 062**	11 302	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	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Power	**560**	574	693	752	584	597	769
- of which internal	***35***	*-24*	*-103*	*-137*	*-10*	*-10*	*-124*
Heat	**212**	322	725	598	220	301	651
- of which internal	***2***	*1*	*-1*	*-5*	*1*	*2*	*-6*
Russia	**156**	195	295	254	137	169	244
- of which internal	**-**	-	-	-	-	-	-
Distribution	**203**	215	311	287	196	200	280
- of which internal	***3***	*4*	*4*	*8*	*3*	*3*	*4*
Electricity Sales	**139**	183	373	529	305	327	637
- of which internal	***11***	*22*	*49*	*58*	*20*	*19*	*61*
Other	**27**	19	30	7	23	16	5
- of which internal	***3***	*39*	*78*	*73*	*35*	*40*	*21*
Netting of Nord Pool transactions	**-99**	-150	-366	-528	-264	-261	-683
Eliminations	***-54***	*-42*	*-27*	*3*	*-49*	*-54*	*44*
Total	**1 144**	1 316	2 034	1 902	1 152	1 295	1 947

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

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

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

Quarterly other items affecting comparability EUR million	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Power [1)]	**5**	12	164	-207	-16	8	43
Heat	**4**	1	14	-5	-3	-1	8
Russia	**-**	-	-	-	-	-	-
Distribution	**-2**	0	0	2	0	0	0
Electricity Sales	**2**	13	-32	37	1	13	-16
Other	**8**	42	23	-54	-8	-12	-8
Total	**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)	**-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

	Sept 30 2011		Sept 30 2010		Dec 31 2010	
Interest and currency derivatives	**Notional value**	**Net fair value**	Notional value	Net fair value	Notional value	Net fair value
	MEUR	**MEUR**	MEUR	MEUR	MEUR	MEUR
Interest rate swaps	**4 594**	**124**	3 990	120	4 098	96
Forward foreign exchange contracts	**7 311**	**78**	7 704	-362	7 619	-333
Forward rate agreements	**189**	**0**	-	-	167	0
Interest rate and currency swaps	**450**	**-4**	534	-17	538	-25

Electricity derivatives	**Volume**	**Net fair value**	Volume	Net fair value	Volume	Net fair value
	TWh	**MEUR**	TWh	MEUR	TWh	MEUR
Sales swaps	**98**	**42**	138	-375	124	-2 069
Purchase swaps	**54**	**-40**	80	220	71	1 224
Purchased options	**0**	**-1**	1	-1	0	0
Written options	**2**	**4**	4	4	2	-10

Oil derivatives	**Volume**	**Net fair value**	Volume	Net fair value	Volume	Net fair value
	1000 bbl	**MEUR**	1000 bbl	MEUR	1000 bbl	MEUR
Sales swaps and futures	**17 903**	**193**	9 998	-12	11 473	-93
Purchase swaps and futures	**18 018**	**-196**	10 028	-4	11 541	76

Coal derivatives	**Volume**	**Net fair value**	Volume	Net fair value	Volume	Net fair value
	kt	**MEUR**	kt	MEUR	kt	MEUR
Sold	**13 060**	**-10**	5 280	-16	6 865	-117
Bought	**10 597**	**18**	6 290	19	7 985	137

CO_2 emission allowance derivatives	**Volume**	**Net fair value**	Volume	Net fair value	Volume	Net fair value
	ktCO2	**MEUR**	ktCO2	MEUR	ktCO2	MEUR
Sold	**29 131**	**180**	16 863	-11	5 225	7
Bought	**24 201**	**-159**	19 199	17	8 882	-7

Share derivatives	**Notional value**	**Net fair value**	Notional value	Net fair value	Notional value	Net fair value
	MEUR	**MEUR**	MEUR	MEUR	MEUR	MEUR
Share forwards [1)]	**9**	**10**	19	17	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 (in Q3/2010) will be paid in OAO Fortum shares (3.04%). After that Fortum's ownership in OAO Fortum is 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 Q1-Q3 2010.

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

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 Q1-Q3 2010.

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

Balance sheet date rate	**Jan-Sept 2011**	June 30 2011	March 31 2011	Dec 31 2010	Sept 30 2010	June 30 2010	March 31 2010
Sweden (SEK)	**9.2580**	9.1739	8.9329	8.9655	9.1421	9.5259	9.7135
Norway (NOK)	**7.8880**	7.7875	7.8330	7.8000	7.9680	7.9725	8.0135
Poland (PLN)	**4.4050**	3.9903	4.0106	3.9750	3.9847	4.1470	3.8673
Russia (RUB)	**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 Q1-Q3 2011 was 16.4% (Q1-Q3 2010: 17.7%). The tax rate for the period is lower than in the comparable period mainly due to the tax exempt capital gains.

The tax rate for the period Q1-Q3 2011, excluding mainly the impact of share of profits of associated companies and joint ventures as well as non- taxable capital gains was 20.8% (Q1-Q3 2010: 19.3%). The tax rate for the full year 2010, excluding mainly the impact of share of profits of associated companies and joint ventures as well as non-taxable capital gains was 17.7%. The tax rate used in the income statement is always impacted by the fact that share of profits of associates and joint ventures is recorded based on Fortum's share of profits after tax.

10. Earnings per share

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

	Q1-Q3 2011	Q1-Q3 2010	2010
Earnings (EUR million):			
Profit attributable to the owners of the parent	**1 348**	1 069	1 300
Number of shares (thousands):			
Weighted average number of shares for the purpose of basic earnings per share	**888 367**	888 367	888 367
Weighted average number of shares for the purpose of diluted earnings per share	**888 367**	888 367	888 367

11. Dividend per share

A dividend in respect of 2010 of EUR 1.00 per share, amounting to a total dividend of EUR 888 million based on the number of shares registered as of 5 April 2011, was decided at the Annual General Meeting on 31 March 2011. 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	**Sept 30 2011**	Sept 30 2010	Dec 31 2010
Opening balance	**421**	391	391
Increase through acquisition of subsidiary companies	**-1**	-	-
Capital expenditures	**16**	8	19
Changes of emission rights	**-10**	-12	13
Depreciation, amortisation and impairment	**-14**	-17	-22
Translation differences and other adjustments	**-19**	12	20
Closing balance	**393**	382	421
Goodwill included in closing balance	**284**	295	301
Change in goodwill during the period due to translation differences	**-18**	10	16

13. Changes in property, plant and equipment

EUR million	**Sept 30 2011**	Sept 30 2010	Dec 31 2010
Opening balance	**14 621**	12 855	12 855
Increase through acquisition of subsidiary companies	**27**	-	-
Capital expenditures	**883**	715	1 203
Changes of nuclear asset retirement cost	**4**	16	18
Disposals	**-11**	-2	-4
Depreciation, amortisation and impairment	**-437**	-399	-541
Sale of subsidiary companies	**0**	-6	-22
Moved to Assets held for sale	**-**	-	-131
Translation differences and other adjustments	**-498**	1 014	1 243
Closing balance	**14 589**	14 193	14 621

14. Changes in participations in associates and joint ventures

EUR million	Sept 30 2011	Sept 30 2010	Dec 31 2010
Opening balance	**2 161**	2 188	2 188
Share of profits of associates and joint ventures	**72**	41	62
Investments	**-**	6	6
Share issues and shareholders' contributions	**16**	20	20
Divestments	**-136**	-88	-89
Dividend income received	**-108**	-52	-61
OCI items associated companies	**-5**	-61	-69
Translation differences	**-39**	76	104
Closing balance	**1 961**	2 130	2 161

Share of profits from associates and joint ventures

Share of profits from associates in Q3 2011 was EUR -2 million (Q3 2010: 10) of which Hafslund ASA represented EUR 6 million (Q3 2010: 8) and TGC-1 EUR 0 million (Q3 2010: 0). Share of profits from TGC-1 is based on the company's published IFRS interim report for Q2 2011.

Since Q3 2011 Fortum has changed accounting principle for Hafslund. After the write-down in Q2 based on REC closing price 30 June 2011, NOK 9.28, Fortum and Hafslund will have the same basis for future fair value changes in REC. 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. Q3 includes Fortum's share of Hafslund's Q2 profit excluding REC since Fortum accounted for Hafslund's write-down on REC already in Q2.

In December 2010 Hafslund sold its fully-owned subsidiary Hafslund Fibernett AS. In Q1 2011 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.

Fortum's share of profit for the period January-September 2011 amounted to 72 million (Q1-Q3 2010: 41), of which Hafslund represented EUR 37 million (Q1-Q3 2010: 22), TGC-1 EUR 38 million (Q1-Q3 2010: 9) and Gasum EUR 10 million (Q1-Q3 2010: 20).

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 will be paid in 2011 at a date to be decided by TVO's Board of Directors.

TVO's Annual General meeting in March 2010 decided to raise the company's share capital by EUR 79 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 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 Russia segment divested Fortum's approximately 31% shareholding in St Petersburg Sale Company.

Dividends received

Until Q3 2011 Fortum has received EUR 108 million (2010: 52) in dividends from associates of which EUR 64 million (2010: 19) was received from Hafslund and EUR 23 million (2010: 19) from Gasum.

OCI items in associated companies

OCI items in associated companies mainly represent the fair value change in Hafslund's shareholding in REC. In Q3 2011 the fair value change of the remaining REC shares was 0 million (Q3 2010: 16). The cumulative fair value change in Fortum's equity, based on the remaining number of shares reported by Hafslund, was EUR 0 million at 30 September 2011.

15. Share capital

EUR million	Number of shares Sept 30 2011	Share capital Sept 30 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 quarter by EUR 20 million from EUR 7,594 million to EUR 7,614 million (year end 2010: 7,382). Total liquid funds decreased by EUR 126 million from EUR 811 million to EUR 685 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. 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. The amount of short term financing decreased (mainly issuance of Commercial Papers), per third quarter end the amount of short term financing was EUR 153 million (year-end 2010: 534 million).

In July Fortum Oyj 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 undrawn committed credit facilities is approximately EUR 2.7 billion. OAO Fortum raised a bilateral RUB 2 bn bank loan, to finance its investment program.

17. Nuclear related assets and liabilities

EUR million	Sept 30 2011	Sept 30 2010	Dec 31 2010
Carrying values in the balance sheet			
Nuclear provisions	**646**	616	625
Share in the State Nuclear Waste Management Fund	**646**	616	625
Legal liability and actual share of the State Nuclear Waste Management Fund			
Liability for nuclear waste management according to the Nuclear Energy Act	**944**	913	944
Funding obligation target	**886**	830	886
Fortum's share of the State Nuclear Waste Management Fund	**886**	830	843

Nuclear related provisions

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

The legal liability on 30 September 2011 is EUR 944 million. The provision in the balance sheet related to nuclear waste management is based on cash flows for future costs which uses the same basis as the legal liability. The carrying value of the nuclear provision, calculated according to IAS 37, has increased by EUR 21 million compared to 31 December 2010, totalling EUR 646 million on 30 September 2011. The main reason for the difference between the carrying value of the provision and the legal liability is the fact that the legal liability is not discounted to net present value.

Fortum's share in the State Nuclear Waste Management Fund

Fortum contributes funds to the State Nuclear Waste Management Fund based on the yearly funding obligation target decided by the governmental authorities in December in connection with the decision of size of the legal liability. The current funding obligation target based on the legal liability decided in December 2010 and approved periodising of the payments to the Fund is EUR 886 million. The Fund is from an IFRS perspective overfunded with EUR 240 million, since Fortum's share of the Fund on 30 September 2011 is EUR 886 million and the carrying value in the balance sheet is EUR 646 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 Q3 2011 of EUR -6 million, compared to EUR -10 million in Q3 2010. The cumulative effect 2011 was EUR -18 million compared to EUR 4 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

	Other provisions			Of which CSA provision		
EUR million	**Sept 30 2011**	Sept 30 2010	Dec 31 2010	**Sept 30 2011**	Sept 30 2010	Dec 31 2010
Opening balance	**239**	209	209	**208**	186	186
Unused provisions reversed	**-37**	-	-5	**-33**	-	-
Change in the provision	**15**	4	18	**11**	-	-
Provisions used	**-6**	-1	-10	**-5**	-1	-5
Unwinding of discount	**13**	12	16	**12**	12	16
Exchange rate differences	**-12**	7	11	**-11**	6	11
Closing balance	**212**	231	239	**182**	203	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 Q1-Q2 2011 Fortum has commissioned two new units under the Russian investment program. The company has in Q2 2011 reversed EUR 33 million of provisions in relation to those power plants. During Q3 2011 no new units were commissioned.

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 30 Sept 2011 was EUR 11 million. The total impact of changes in CSA provision to comparable operating profit for Q1-Q3 2011 was thus EUR 22 million. Paid penalties during Q1-Q3 2011 amounted to EUR 5 million.

The increase in the provision due to the discounting during Q1-Q3 2011 amounted to EUR 12 million. This amount was booked in other financial expenses.

19. Additional cash flow information

Change in working capital

EUR million	Q3 2011	Q3 2010	Q1-Q3 2011	Q1-Q3 2010	2010	Last twelve months
Increase/decrease in interest-free receivables	41	92	512	308	-161	43
Decrease in inventories	-66	-35	-87	8	74	-21
Increase/decrease in interest-free liabilities	-24	8	-306	-108	125	-73
Total	-49	65	119	208	38	-51

Capital expenditure

EUR million	Q3 2011	Q3 2010	Q1-Q3 2011	Q1-Q3 2010	2010	Last twelve months
Capital expenditure	366	230	899	723	1 222	1 398
Change in not yet paid investments	8	-1	2	13	-43	-54
Capitalised borrowing costs	-13	-13	-37	-34	-45	-48
Capital expenditure in cash flow	361	216	864	702	1 134	1 296

Acquisition of shares in cash flow

EUR million	Q3 2011	Q3 2010	Q1-Q3 2011	Q1-Q3 2010	2010	Last twelve months
Acquisition of subsidiaries, net of cash acquired	24	0	43	1	1	43
Acquisition of associates 1)	0	6	0	6	26	20
Acquisition of available for sale financial assets 2)	0	1	1	1	1	1
Total	24	7	44	8	28	64

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	Q3 2011	Q3 2010	Q1-Q3 2011	Q1-Q3 2010	2010	Last twelve months
Gross investments of shares 3)	24	0	46	0	0	46
Changes in non-paid acquisitions	0	-	-2	1	1	-2
Interest bearing debt in acquired subsidiaries	0	-	-1	-	-	-1
Acquisitions of subsidiaries, net of cash acquired	24	0	43	1	1	43

3) Gross investments of shares include liquid funds in acquired subsidiaries in Q1-Q3 2011 EUR 0 (Q1-Q3 2010: 0).

Acquisition of shares in associates

EUR million	Q3 2011	Q3 2010	Q1-Q3 2011	Q1-Q3 2010	2010	Last twelve months
Gross investments of shares	0	6	16	26	26	16
Changes in non-paid acquisitions	-	-	-16	-20	0	4
Acquisition of associates	0	6	0	6	26	20

Divestment of shares in cash flow

EUR million	Q3 2011	Q3 2010	Q1-Q3 2011	Q1-Q3 2010	2010	Last twelve months
Proceeds from sales of subsidiaries, net of cash disposed	0	1	112	1	9	120
Proceeds from sales of associates	29	11	362	122	121	361
Proceeds from sales of other non-current assets	-	6	0	17	17	0
Total	29	18	474	140	147	481

Divestment of subsidiary shares in cash flow

EUR million	Q3 2011	Q3 2010	Q1-Q3 2011	Q1-Q3 2010	2010	Last twelve months
Gross divestments of shares 4)	0	1	201	1	9	209
Payments not received for proceeds	-	-	0	-	-	0
Interest bearing debt in sold subsidiaries	0	-	-89	-	-	-89
Proceeds settled in cash	0	1	112	1	9	120

4) Liquid funds in sold subsidiaries in Q1-Q3 2011 EUR 14 million (Q1-Q3 2010: 2) are netted from gross divestments.

20. Pledged assets

EUR million	Sept 30 2011	Sept 30 2010	Dec 31 2010
On own behalf			
For debt			
Pledges	**303**	292	307
Real estate mortgages	**137**	137	137
For other commitments			
Real estate mortgages	**148**	181	155
On behalf of associated companies and joint ventures			
Pledges and real estate mortgages	**3**	3	3

Pledged assets for debt

Finnish participants in the State Nuclear Waste Management Fund are allowed to borrow from the Fund. As of 30 September 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 September 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	Sept 30 2011	Sept 30 2010	Dec 31 2010
Due within a year	**26**	26	29
Due after one year and within five years	**60**	46	49
Due after five years	**127**	93	130
Total	**213**	165	208

22. Capital commitments

EUR million	Sept 30 2011	Sept 30 2010	Dec 31 2010
Property, plant and equipment	**1 073**	1 219	1 172
Intangible assets	**12**	7	7
Total	**1 085**	1 226	1 179

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

23. Contingent liabilities

EUR million	Sept 30 2011	Sept 30 2010	Dec 31 2010
On own behalf			
Other contingent liabilities	**73**	190	228
On behalf of associated companies and joint ventures			
Guarantees	**335**	349	358
Other contingent liabilities	**125**	125	125
On behalf of others			
Guarantees	**0**	4	1
Other contingent liabilities	**0**	0	0

Guarantees on own behalf
Other contingent liabilities on own behalf, EUR 73 million in September 2011, have decreased by EUR 155 million compared to 31 December 2010. The decrease mainly is 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 guarantee given on behalf of Teollisuuden Voima Oyj (TVO) to the Finnish fund amount to EUR 44 million at 30 September 2011 (2010: 58).

24. Legal actions and official proceedings

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.

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 2010. There has been no change in the amount of shares during 2011.

Associated company transactions

EUR million	**Q1-Q3 2011**	Q1-Q3 2010	2010
Sales to associated companies	**19**	41	63
Interest on associated company loan receivables	**26**	28	39
Purchases from associated companies	**524**	547	764

Associated company balances

EUR million	**Sept 30 2011**	Sept 30 2010	Dec 31 2010
Long-term interest-bearing loan receivables	**1 078**	1 025	1 071
Trade receivables	**12**	11	22
Other receivables	**26**	21	20
Long-term loan payables	**223**	213	213
Trade payables	**7**	19	36
Other payables	**23**	25	15

Transactions and balances with joint ventures
Transactions and balances with joint ventures as at and for the period ended 30 September 2011 are not material for the group.

26. Events after the balance sheet date

In October 2011 Fortum has signed a contract according to which the company will sell its 24.5% ownership of the Northern Norwegian electricity supplier Ishavskraft AS to other shareholders of the company: Alta Kraftlag SA, Ymber AS, Repvåg Kraftlag SA and Luostejok Kraftlag SA. The fifth owner of the company is Troms Kraft. The sales gain from the transaction will be booked in Fortum's 2011 fourth quarter financial result. The divestment will not have a significant impact on Fortum's financial result. The transaction will take effect on 28 October 2011.

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

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

Market conditions and achieved power prices

Power consumption TWh	Q3 2011	Q3 2010	Q1-Q3 2011	Q1-Q3 2010	2010
Nordic countries	**80**	79	**278**	285	393
Russia	**226**	223	**741**	728	1 005
Tyumen	**19**	19	**60**	60	82
Chelyabinsk	**8**	8	**26**	26	35
Russia Urals area	**57**	56	**183**	179	246

Average prices	Q3 2011	Q3 2010	Q1-Q3 2011	Q1-Q3 2010	2010
Spot price for power in Nord Pool power exchange, EUR/MWh	**36**	46	**51**	50	53
Spot price for power in Finland, EUR/MWh	**43**	48	**53**	53	57
Spot price for power in Sweden, EUR/MWh	**38**	47	**52**	54	57
Spot price for power in European and Urals part of Russia, RUB/MWh 1)	**993**	975	**1 014**	879	881
Average capacity price, tRUB/MW/month	**198**	157	**195**	166	191
Spot price for power in Germany, EUR/MWh	**49**	44	**52**	42	44
Average regulated gas price in Urals region, RUB/1000 m^3	**2 548**	2 221	**2 548**	2 221	2 221
Average capacity price for old capacity, tRUB/MW/month*	**140**	157	**155**	166	191
Average capacity price for new capacity, tRUB/MW/month*	**568**	n/a	**580**	n/a	n/a
Spot price for power (market price), Urals hub, RUB/MWh 1)	**939**	936	**948**	842	835
CO_2, (ETS EUA), EUR/tonne CO_2	**12**	15	**14**	14	14
Coal (ICE Rotterdam), USD/tonne	**124**	93	**124**	87	92
Oil (Brent Crude), USD/bbl	**112**	77	**111**	78	80

1) Excluding capacity tariff

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

Water reservoirs TWh		Sept 30 2011	Sept 30 2010
Nordic water reservoirs level		**104**	84
Nordic water reservoirs level, long-term average		**101**	101

Export/import TWh (+ = import to, - = export from Nordic area)	Q3 2011	Q3 2010	Q1-Q3 2011	Q1-Q3 2010	2010
Export /import between Nordic area and Continental Europe+Baltics	**-4**	1	**-1**	5	8
Export /import between Nordic area and Russia	**2**	3	**8**	8	12
Export / import Nordic area, Total	**-2**	3	**8**	14	19

Power market liberalisation in Russia %	Q3 2011	Q3 2010	Q1-Q3 2011	Q1-Q3 2010	2010
Share of power sold on the liberalised market	**100**	80	**100**	67	70
Share of power sold at the liberalised price by OAO Fortum	**84**	72	**84**	59	61

Achieved power prices EUR/MWh	Q3 2011	Q3 2010	Q1-Q3 2011	Q1-Q3 2010	2010
Power's Nordic power price*	**44.3**	46.9	**46.5**	47.5	47.9
Achieved power price for OAO Fortum	**30.0**	28.8	**29.4**	25.8	27.0

* Power division's achieved power price in the Nordic countries, excluding thermal generation, market price-related purchases, or minorities (i.e. I Inkoo and imports from Russia).

Production and sales volumes

Power generation TWh	**Q3 2011**	Q3 2010	**Q1-Q3 2011***	Q1-Q3 2010	2010	Last twelve months
Power generation in the EU and Norway	**12.4**	11.4	**40.3**	38.9	53.7	55.1
Power generation in Russia	**3.8**	3.4	**12.5**	11.6	16.1	17.0
Total	**16.2**	14.8	**52.8**	50.5	69.8	72.1

* Power generation Russia Q2 volume re-stated

Heat production TWh	**Q3 2011**	Q3 2010	**Q1-Q3 2011**	Q1-Q3 2010	2010	Last twelve months
Heat production in the EU and Norway	**2.6**	3.0	**16.1**	17.8	26.1	24.4
Heat production in Russia	**2.4**	2.8	**16.8**	17.8	26.0	25.0
Total	**5.0**	5.8	**32.9**	35.6	52.1	49.4

Power generation capacity by division MW	**Sept 30 2011**	Sept 30 2010	Dec 31 2010
Power	**9 746**	9 714	9 728
Heat	**1 703**	1 518	1 600
Russia	**3 242**	2 785	2 785
Total	**14 691**	14 017	14 113

Heat production capacity by division MW	**Sept 30 2011**	Sept 30 2010	Dec 31 2010
Power	**250**	250	250
Heat	**10 096**	10 297	10 448
Russia	**13 796**	13 796	13 796
Total	**24 142**	24 343	24 494

Power generation by source in the Nordic area TWh	**Q3 2011**	Q3 2010	**Q1-Q3 2011**	Q1-Q3 2010	2010	Last twelve months
Hydropower	**5.7**	5.5	**14.6**	16.0	22.0	20.6
Nuclear power	**5.7**	4.7	**18.2**	16.6	22.0	23.6
Thermal power	**0.5**	0.8	**6.0**	5.4	8.3	8.9
Total	**11.9**	11.0	**38.8**	38.0	52.3	53.1

Power generation by source in the Nordic area %	**Q3 2011**	Q3 2010	**Q1-Q3 2011**	Q1-Q3 2010	2010	Last twelve months
Hydropower	**48**	50	**38**	42	42	38
Nuclear power	**48**	43	**47**	44	42	44
Thermal power	**4**	7	**15**	14	16	18
Total	**100**	100	**100**	100	100	100

Power sales EUR million	**Q3 2011**	Q3 2010	**Q1-Q3 2011**	Q1-Q3 2010	2010	Last twelve months
Power sales in the EU and Norway	**591**	631	**2 122**	2 213	3 110	3 019
Power sales in Russia	**132**	112	**429**	356	505	578
Total	**723**	743	**2 551**	2 569	3 615	3 597

Heat sales **EUR million**	**Q3 2011**	Q3 2010	**Q1-Q3 2011**	Q1-Q3 2010	2010	Last twelve months
Heat sales in the EU and Norway	**151**	162	**914**	870	1 309	1 353
Heat sales in Russia	**22**	24	**214**	189	287	312
Total	**173**	186	**1 128**	1 059	1 596	1 665

Power sales by area **TWh**	**Q3 2011**	Q3 2010	**Q1-Q3 2011**	Q1-Q3 2010	2010	Last twelve months
Finland	**4.7**	6.5	**18.5**	21.9	30.7	27.3
Sweden	**7.7**	6.5	**21.2**	20.9	28.3	28.6
Russia	**4.4**	3.8	**14.6**	13.8	18.7	19.5
Other countries	**0.6**	0.5	**2.5**	2.2	3.2	3.5
Total	**17.4**	17.3	**56.8**	58.8	80.9	78.9

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

Heat sales by area **TWh**	**Q3 2011**	Q3 2010	**Q1-Q3 2011**	Q1-Q3 2010	2010	Last twelve months
Russia	**2.2**	2.3	**17.5**	17.8	26.8	26.5
Finland	**1.2**	1.2	**6.3**	6.5	9.6	9.4
Sweden	**0.6**	0.8	**6.0**	7.2	10.9	9.7
Poland	**0.2**	0.3	**2.8**	2.6	4.0	4.2
Other countries [1)]	**0.6**	0.6	**2.6**	2.5	3.6	3.7
Total	**4.8**	5.2	**35.2**	36.6	54.9	53.5

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