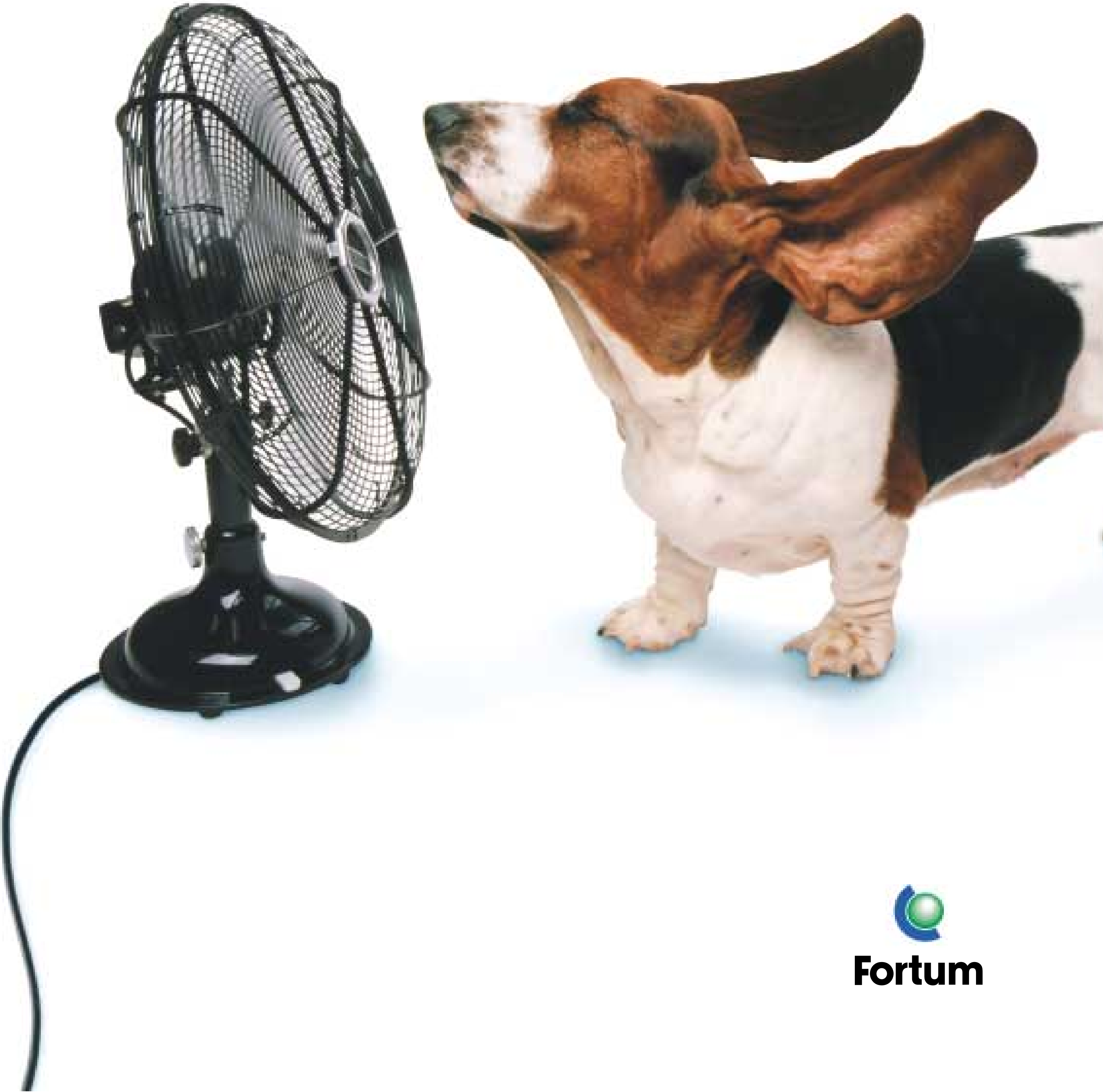
Annual Report 2002 >



Fortum

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Investor Information

Annual General Meeting

The Annual General Meeting of Fortum Corporation will be held on Thursday, 27 March 2003, at 3.00 pm, at Finlandia Hall, Mannerheimintie 13 e, Helsinki.

Registrations for the AGM must be received by 4.00 pm, on 21 March 2003. Those wishing to register can do so by telephone on +358 10 452 9460, by fax on +358 10 262 2727, by e-mail to fortum.yhtiokokous @yhteyspalvelut.elisa.fi or by mail to Fortum Corporation, Suvi Åkerblom, POB 1, FIN-00048 FORTUM. Written registrations should arrive before the end of the registration period. Details of any powers of attorney must be delivered when registering.

Payment of dividends

The Board of Directors will propose to the AGM that a dividend of EUR 0.31 per share be paid for the financial period 2002. The record date for dividend payment is 1 April, and the expected dividend payment date is 8 April 2003.

Publication of results

- Interim Report 1 January – 31 March 2003 will be published on 24 April 2003
- Interim Report 1 January – 30 June 2003 will be published on 24 July 2003
- Interim Report 1 January – 30 September 2003 will be published on 23 October 2003

The Annual Report and Interim Reports are available in English, Swedish and Finnish and can also be read on Fortum's Internet home pages at www.fortum.com, www.fortum.se and www.fortum.fi.

Fortum management serves analysts and the media with regular press conferences, which are web-casted to the company's home pages. Management also gives personal interviews on a one-on-one and group basis. Fortum participates in various conferences for investors.

Fortum observes a silent period of three weeks prior to publishing its results.

Contact information

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POB 1, FIN-00048 FORTUM
tel. +358 10 452 9151
fax +358 10 452 4065
e-mail juha.ahonen@fortum.com.

SHARE INFORMATION FOR 2002

Highest share price	**EUR 6.52**
Lowest share price	**EUR 4.75**
Average share price	**EUR 5.87**
Total number of shares traded, mill.	**251.2**
Market capitalisation (31 Dec 2002)	**EUR mill. 5,286**

LARGEST REGISTERED SHAREHOLDERS
as of 31 December 2002

Finnish State	**60.77%**
Ilmarinen Mutual Pension Insurance Company	**1.64%**
Social Insurance Institution	**1.51%**
The municipality of Kurikka	**0.73%**
Varma-Sampo Mutual Pension Insurance Company	**0.64%**
Fortum Pension Foundation	**0.60%**
The State Pension Fund	**0.41%**
Suomi Mutual Life Assurance Company	**0.39%**
Pohjola Non-Life Insurance Company Ltd	**0.35%**
LEL Employment Pensions Fund	**0.31%**

Additional information about shares and shareholders is available on pages 77–80.

BANKS AND BROKERS COVERING FORTUM IN 2002

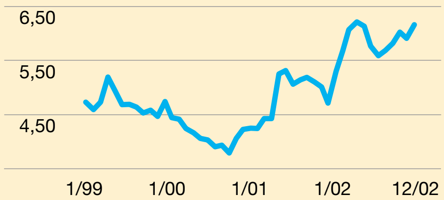
ABG Sundal Collier, Oslo
Alfred Berg Finland Oy, Helsinki
Conventum Securites Limited, Helsinki
Crédit Agricole Indosuez Cheuvreux Nordic AB, Stockholm
Credit Lyonnais Securities, London
D. Carnegie AB Finland Branch, Helsinki
Delta Lloyd, Amsterdam
Deutsche Bank AG, Helsinki Branch
Dresdner Kleinwort Wasserstein Securities, London
Enskilda Securities AB, Helsinki
Evli Bank Plc, Helsinki
FIM Securities Ltd, Helsinki
Handelsbanken Securities, Helsinki
Kaupthing Sofi, Helsinki
Lehman Brothers, London
Mandatum Stockbrokers Ltd, Helsinki
Merrill Lynch, London
Morgan Stanley Dean Witter & Co, London
Nordea Securities Oyj, Helsinki
Opstock Investment Banking, Helsinki
Schroder Salomon Smith Barney, London
SG Securities, Paris

DISTRIBUTION OF OWNERSHIP

› As of 31 December 2002

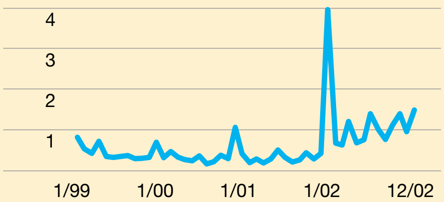
SHARE QUOTATIONS 1999–2002

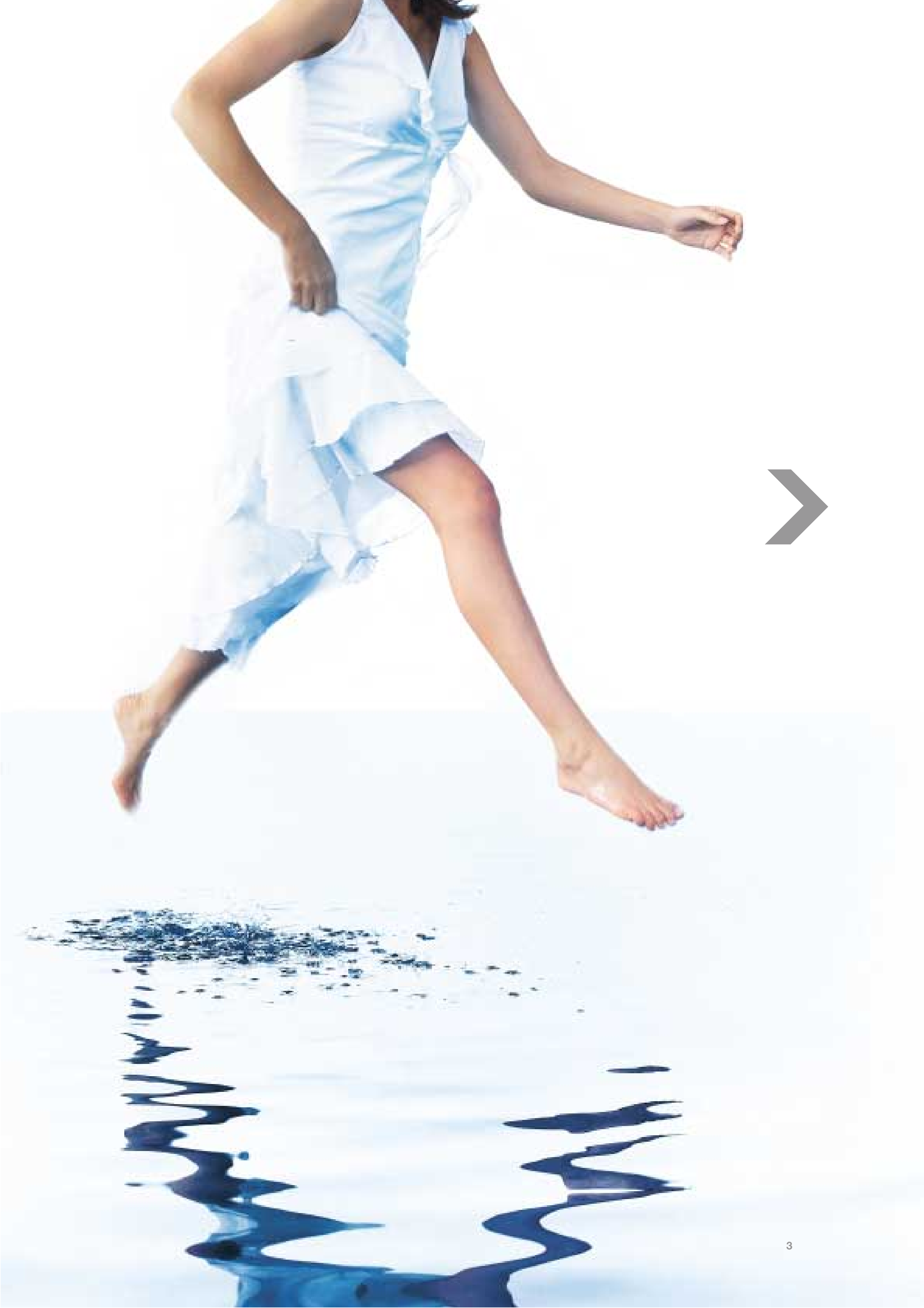
› EUR, monthly average



NUMBER OF SHARES TRADED 1999–2002

› mill. shares, daily average monthly





Fortum In Brief

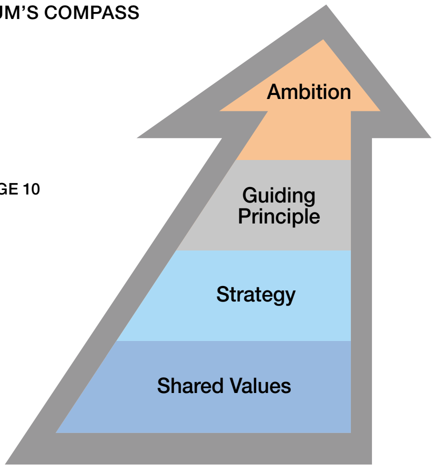
Fortum is a leading energy company in the Nordic countries and the other parts of the Baltic Rim. Fortum's activities cover the generation, distribution and sale of electricity and heat, the production, refining and marketing of oil, the operation and maintenance of power plants as well as energy-related services. The main products are electricity, heat and steam, traffic fuels and heating oils.

Fortum's competitiveness in the power and heat business is based on a pan-Nordic concept which is characterised by a high level of operational efficiency and a broad customer base. As an oil refiner, Fortum is the leading manufacturer of environmentally benign petroleum products.

In 2002, Fortum's net sales totalled EUR 11.1 billion and operating profit stood at EUR 1.3 billion. The average number of employees was 14,000. Fortum's shares are quoted on the Helsinki Exchanges.

FORTUM'S COMPASS

SEE PAGE 10



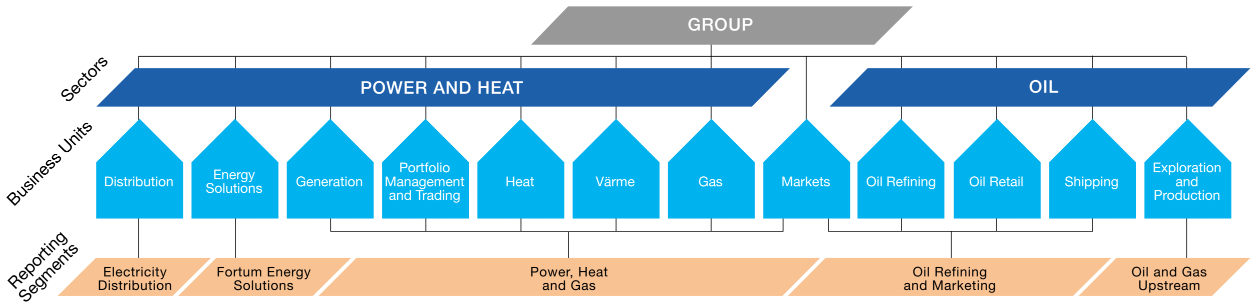
POSITION IN THE NORDIC MARKET

Electricity distribution	#1
Heat	#1
Oil refining	#1
Power generation	#2
Number of electricity customers	#2

CUSTOMER BASE > million

Electricity customers	1.2
Electricity distribution customers	1.3
Traffic fuel retail customers with branded cards	0.5
Heating oil and gas customers	0.2

FORTUM CORPORATE STRUCTURE IN 2002



Operational Highlights in 2002

A number of steps were taken in order to achieve the strategic goals:

BECOME THE LEADING POWER AND HEAT COMPANY IN THE NORDIC AREA

- acquisition of remaining 50% of Swedish energy company Birka Energi AB, which was fully integrated into Fortum
- acquisition of remaining 50% of Finnish Elnova Group with electricity sales and distribution business
- divestment of shares in Fortum Energie GmbH in Germany, Regional Power Generators Limited in UK and Thai subsidiary Laem Chabang Power Company Limited
- completion of Power Plant Engineering restructuring

STRENGTHEN FORTUM'S POSITION AS A LEADING CLEAN FUELS REFINING COMPANY

- full ability to produce sulphur-free traffic fuels
- launch of ethanol-based gasoline in Finland
- start of iso-octane production in Canada
- oil exploration and production focus on Russia: divestment of oil and gas field assets in Oman and Norway

BECOME THE MOST ATTRACTIVE ENERGY SUPPLIER

- broadening of customer base to 1.3 million through Birka and Elnova acquisitions
- synergy benefits through pan-Nordic business concept and structure
- development of cost-effective, customer-oriented approach to improve quality of service

Achievements:

STRONG POSITION IN THE NORDIC AND BALTIC RIM AREAS

- Fortum established a strong position in its core power and heat business
- Fortum further expanded its Nordic customer base
- Fortum maintained its market leadership in the refining and marketing of clean traffic fuels

› Financial Summary

(detailed financial information on pages 40–82)

KEY FIGURES

	2002	2001
Net sales, EUR million	11,148	10,410
Operating profit, EUR million	1,289	914
Profit before taxes, EUR million	1,008	702
Earnings per share, EUR	0.79	0.57
Equity per share, EUR	6.97	6.49
Capital employed (at end of period), EUR million	13,765	11,032
Interest-bearing net debt (at end of period), EUR million	5,848	3,674
Investments, EUR million	4,381	713
Net cash from operating activities, EUR million	1,351	1,145
Cash flow before financing activities, EUR million	-27	844
Return on capital employed, %	11.1	8.7
Return on shareholders' equity, %	10.5	8.3
Gearing, %	80	54
Average number of employees	14,053	14,803

KEY FIGURES BY SEGMENT

	Net sales EUR million		Operating profit EUR million		RONA % [1]	
	2002	2001	2002	2001	2002	2001
Power, Heat and Gas	2,898	2,227	560	367	6.9	6.3
Electricity Distribution	640	473	279	135	9.3	6.2
Fortum Energy Solutions	664	603	37	13	19.7	5.5
Oil Refining and Marketing	7,195	7,223	259	242	16.3	14.3
Oil and Gas Upstream	391	408	213	196	19.4	15.4
Other operations	64	95	-64	-40		
Eliminations	-704	-619	5	1		
Group	11,148	10,410	1,289	914		

1) RONA, % = Operating profit / net assets on average

RATINGS

	S&P	Moody´s
Fortum Corporation	BBB+ (Stable)/A-2	Baa2 (Positive)/P-2
Fortum Power and Heat AB (former Birka Energi AB)	BBB+ (Stable)/A-2	Baa1 (Stable)/P-2

GROUP FINANCIAL TARGETS

ROCE	12%
ROE	12%
Gearing	< 70%
Gearing, adjusted*)	< 100%

Gearing, adjusted*): Minority interest of Fortum Capital Ltd (EUR 1.2 billion) treated as debt

KEY SENSITIVITIES IN 2003

Change	Approximate effect on Group operating profit, EUR million
Refining margin, USD 0.1/bbl	+/- 10
Brent crude oil price, USD 1.0/bbl	+/- 10*)
USD, 10%	+/- 5

The figures include hedging.

*) mainly inventory gains and losses

Market price of electricity: the long-term effect of a change of EUR 1/MWh is +/- EUR 50 million on a yearly basis.

› Chairman's Letter

2002 was a successful year for Fortum on many fronts. In line with the approved strategic aims announced by the company, a number of major changes within the organisation were implemented during the year. The efforts to increase efficiency in all sectors were sustained and Fortum continued to strengthen its business performance.

Company management and employees deserve sincere thanks for their dedication and hard work in all parts and at all levels of the Group.

• • •

Fortum has now delivered substantially on its Nordic strategy. The conclusion of the Birka Energi transaction in Sweden, the acquisition of Elnova in Finland and several major divestitures of non-core assets have all strengthened Fortum´s position in the Nordic area. In all of its core businesses, Fortum is now number one or number two in the Nordic energy market. The integrated pan-Nordic business concept within the Power and Heat sector is already proving a success: the synergy benefits of combining the Swedish and Finnish operations will be significantly higher than estimated before the acquisition. In the Oil sector, Fortum has maintained its competitive position as the leading clean fuels refining company.

Following the sale by the Finnish government of its shares in Fortum to institutional and private investors in June 2002, the government's ownership in the company fell to 60.8%. We are delighted by the confidence shown in the company: as a result of the sale the proportion of international shareholders in Fortum almost doubled and there was a marked improvement in share liquidity.

The increase in the prices of electricity in the Nordic market towards the end of the year has triggered a lively debate on the capability of the market to function as intended. As the pan-Nordic market is still experiencing bottlenecks, the stability of the market can best be enhanced through increased liberalisation. The necessary security of supply should be improved through further harmonisation, rather than through new country-specific regulation.

This is the belief based on which Fortum must continue to consolidate its position in the markets of northern Europe. We are confident that our shareholders will support us in this.

• • •

According to Fortum´s dividend policy, the recommended dividend is to be competitive with those paid by other international oil, gas and electricity companies in Fortum´s industry peer group. With this in mind, the Board of Directors proposes to the Annual General Meeting a dividend of EUR 0.31 for the financial period 2002. The proposal is based on the results for the year as well as on predictions for the current-year business environment and financial performance.

Matti Vuoria
Chairman of the Board

> Interview with the President & CEO

"2002 was a year of change for Fortum and it also confirmed for us that our view of the market is correct," says Mikael Lilius, President and CEO.

WHAT CHARACTERISED FORTUM´S BUSINESS ENVIRONMENT IN 2002?

If we look at the Nordic electricity market, the exceptionally dry and cold autumn that affected the whole Nordic area led to a sharp increase in the electricity spot prices. This situation really was a tough test for the deregulated Nordic electricity market, which, I'm happy to say, it passed! There was no shortage of supply although peak loads were the highest ever experienced. We also witnessed fluctuations in demand when prices peaked. To us, this situation proved that the market is functioning well and should be allowed to do so in order to create a balance between supply and demand and improve efficiency. In the long run, that will be the most beneficial option to consumers and society at large, in terms of both reliability and price.

The price of crude oil was strong throughout the year, whereas the international refining margin fluctuated quite a lot. Naturally, we were hit by the record low refining margin in the first half of the year, but we were very pleased with its recovery and by our own ability to maintain a premium over the international margin.

ANY COMMENTS ON THE 2002 RESULTS?

Fortum is clearly moving in the right direction. Whatever financial indicator you choose to measure it by, our improvement is quite obvious. We are getting closer to our financial targets.

HAVE YOU MADE ANY CHANGES TO FORTUM´S STRATEGY?

On the contrary. The market signals confirmed that our view of the market is correct and actually encouraged us to crystallise our strategic objectives still further. You could describe 2002 as the year when the strategic pieces fitted together. We continued to focus on the Nordic area by selling off non-core assets and investing heavily in Sweden and Finland through the acquisitions of the remaining halves of Birka Energi and of Elnova. All in all, our aspirations were realised. We took a further significant step in our strategic agenda in January 2003 when we agreed with E.ON on an asset swap. This deal means a breakthrough for Fortum in Norway and north-western Russia and strengthens our market position substantially in the Nordic and the Baltic Rim area.

HOW HAS THE INTEGRATION OF BIRKA SUCCEEDED?

After closing the deal, we immediately started a major transformation process. Hundreds of people were involved in identifying new and more competitive ways of working. I am really impressed by their work. When announcing the Birka acquisition, we estimated the synergy benefits to be roughly 60 million euros a year. In the spring, we increased the estimate to 100 million euros. Only four months after closing the deal, we had a new pan-Nordic organisation in place. Today, after still more creativity and hard work, we are convinced we can exceed the annual savings target of 100 million euros.

WHY DID YOU SWITCH THE SWEDISH OPERATIONS TO THE FORTUM BRAND NAME?

Given our view of the common Nordic market and the fact that we are a pan-Nordic organisation, it was a natural step to take. The challenge now is to make Fortum accepted as the most attractive energy supplier for Nordic consumers.

ANY DISAPPOINTMENTS IN 2002?

In spite of our satisfactory results, I am disappointed by the performance of some businesses. There is still room for improvement and everybody needs to understand the sense of urgency to become " best in class".

We also strive to be best in the class in our environmental conduct. In this respect the exceptional conditions on the power market, which obliged us to take all our 1,000 MW reserve capacity into use, had a clear downside: our emissions increased. Of course, we will be continuing our efforts to reduce the environmental impact of our operations, but I have to be honest: for the foreseeable future, increased peak production regrettably means higher emissions – whoever the producer is.

HOW DO YOU SEE FORTUM´S ROLE IN THE FUTURE NORDIC ENERGY MARKET?

It is already a unique market today. In spite of some imperfections it is working well. Due to its fragmentation, however, companies will have to consolidate to build the financial strength needed for forthcoming investments. Fortum will continue to be active in this restructuring because we want to be one of the strong Nordic players, able to compete against the European majors. Today, Fortum is the biggest or second biggest player, but our market share does not exceed 15% in any business area. With the ongoing deregulation of the European market, it is important for us to further strengthen our Nordic position. Therefore, we are very much looking forward to the day when the Nordic market is completely opened up both in terms of operations and ownership.

We also foresee further change in the oil business. As a small European player, it is vital for us to maintain our competitiveness and to strengthen our position as a clean fuels refining company. Our determination has rewarded us and I am very pleased with the outlook for our environmentally benign products as well as our ability to maintain a premium on the international refining margin. With an oil retail network that allows us to launch new products around the Baltic Rim area, we should be able to exploit our niche position even more effectively.

SO YOU INCLUDE THE BALTIC RIM IN THE NORDIC AREA?

Yes, we do. With the enlargement of the European Union, we consider this area quite interesting. Our oil retail business is growing in the Baltic countries and Poland. So is our district heating business. We are actively exploring opportunities for our other businesses in this area as well.

WHAT ARE YOUR PROSPECTS IN RUSSIA?

We are currently involved in one of the biggest investment projects ever to be undertaken by a western company in Russia. The project, which is worth USD 180 million, involves the start-up of oil production in the South Shapkino field. The joint venture company SeverTek, owned by Lukoil and Fortum, is doing well and we expect production to start on schedule in late 2003.

We are also increasing our share in Lenenergo, the largest power and heat company in north-western Russia, providing almost 7 million people with energy. Our interest in this company gives us a very good position in the St Petersburg area.

A new gas pipeline from Russia across the Baltic Sea down to central Europe is of interest to us as a future major user of gas and as a market player in the Nordic area. We are also studying the option of increasing the feed of Russian crude oil to our Porvoo refinery.

THE ISSUE OF NUCLEAR POWER IS BEING VIEWED IN A NEW LIGHT. WHAT COULD THAT MEAN?

This is a broader question of how we can safeguard the future supply of electricity to the Nordic market. During recent years, there have been no incentives for anybody to build new capacity. My firm belief is that in a functioning, deregulated market the supply/demand situation will create this incentive. Nuclear power may be one answer to the base load issue, but let´s keep in mind that we need incentives for peak load capacity as well.

WHAT WAS THE KEY TO FORTUM'S SUCCESSES IN 2002?

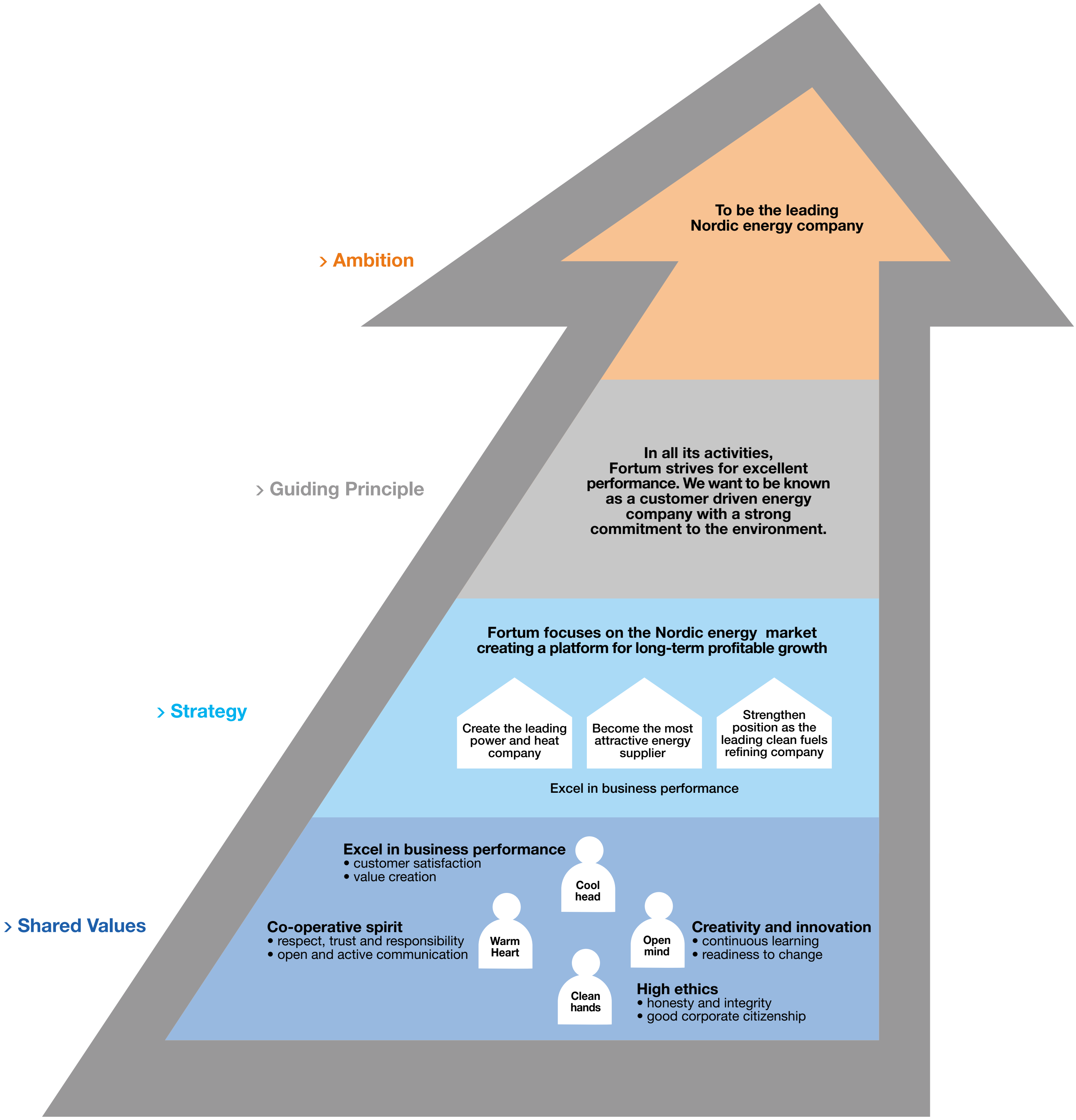
People count. 2002 was another year of big changes, a lot of hard work and also hard decisions. Our people have really stretched themselves in many respects. All in all, I would like to commend them upon the way they have taken on board our shared values. To me, that is the single most important indication of good progress also in the future.

HOW DO YOU VIEW THE FUTURE?

The past few years have been characterised by major restructuring. During this period, Fortum acquired strategically important assets worth 6.5 billion euros and divested non-core assets worth 2.5 billion euros. We are now number one or number two in the Nordic energy market. We will continue to focus on cash flow and control our balance sheet. Our gearing, which has almost returned to our target level, gives us the muscle we need to move forward.

I am very pleased with the way we have been able to deliver on our promises. We still have some way to go to reach our financial targets, but with the focus and determination demonstrated by the whole organisation, I am convinced that we will get there.

Fortum's Compass



Energy Market Development

Fortum operates in the Nordic energy market, which, at the forefront of market liberalisation, is the best-functioning power market in the world. In November 2002, the EU Council of Energy Ministers reached a common position on a directive, which sets out the timetable for the full deregulation of the power and gas markets in Europe in July 2007. All Nordic countries except Denmark already today fulfill the requirements of the directive.

Liberalised Nordic power market tested

In the spring and summer of 2002, the average Nord Pool power exchange spot price was clearly lower than in 2001 mainly due to unseasonably warm weather and the above-normal hydro inflow in the first half-year. Towards year-end, market fundamentals tightened. Low reservoir levels after a dry summer and autumn together with below-normal temperatures in the autumn tightened the supply-demand balance. Spot prices increased steeply and more expensive generation capacity was brought on-stream.

The Nord Pool derivatives market has been on a growth trend for several years. Even though withdrawal of some US players may slow down this development somewhat, the physical market is functioning well and financial trade volumes have provided enough liquidity. In the spring, some Nord Pool actors were faced with accusations of malpractice. Subsequent investigations found these accusations unjustified.

Following the Finnish Parliament's decision to allow the investment, preparations for the building of a fifth nuclear reactor began. In Sweden, a negotiator was appointed to start discussions with companies on the future of nuclear power.

Industry consolidation proceeded in Europe

Consolidation of the European energy industry continued, albeit at a slower pace than earlier. Most US power market players continued to withdraw from Europe. The Nordic power market, which is the third largest regional market area in Europe, is highly fragmented when compared to European markets in general: there are a lot of small companies and the market shares of the biggest companies are modest. Acquisitions by European and regional players continued to shape the competitor map. Consolidation is expected to continue as bigger players further strengthen their market positions.

Oil industry consolidation continued with the focus on Eastern Europe. The major Russian oil companies in particular, backed with strong cash flows from crude sales, showed continued interest in participating in the European oil downstream consolidation.

Volatility of oil markets prevailed

Tensions in the Middle East and turmoil in Venezuela impacted on the market psychology. Crude prices were estimated to reach a USD 4-5/bbl war premium. Uncertainty on production quota compliance and demand lagging behind growth expectations also increased price volatility. OPEC's ability to control crude markets was challenged by increasing quota non-compliance and production increases by the non-OPEC countries, especially Russia.

Refining margins remained exceptionally weak during the first half of the year, well below 2001 average levels due to the mild winter and continued stockbuilding. During the third quarter, margins began to recover somewhat as stock levels fell and US gasoline demand continued to grow. Margins declined again in the last quarter, however.

Western European demand for clean traffic fuels remained strong as several countries switched to lower sulphur specifications ahead of mandated deadlines. The EU will move to sulphur-free (10 ppm) traffic fuels starting in 2005. Close to year-end 2002, final approval was given to an EU directive, which will require all gasoline marketed in the EU to be sulphur-free by 2009.

The weakness of the US dollar reduced refining margins in euro terms but softened the impact of rising international oil product prices in EMU member countries.

Segment Reviews >

> Power, Heat and Gas

> Generation > Portfolio Management and Trading > Heat > Värme > Gas > Markets (electricity)

- Major restructuring of power generating assets, Birka Energi fully integrated with Fortum
- Steep increase of Nordic spot prices in the fall
- 1,000 MW reserve capacity taken into use to secure electricity supply

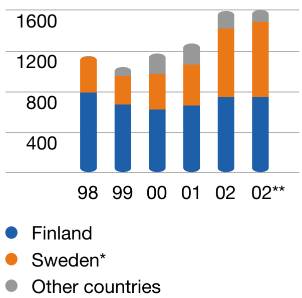
KEY FIGURES

EUR million	2002	2001
Net sales	2,898	2,227
-electricity sales	1,588	1,269
-heat sales	649	464
-other sales	661	494
Operating profit	560	367
Net assets	8,642	5,873
Return on net assets, %	6.9	6.3
Investments	2,701	197
Average number of employees	2,936	2,920

Fortum aims to become the leading Nordic power and heat company. At present, Fortum is the second largest power company in the Nordic countries as well as the leading district heat producer in the region. Fortum owns and manages power and heat plants and has stakes in power and heat plants owned by others. Fortum sells electricity and heat generated by these facilities to the Nordic market. Fortum also has activities in the gas sector.

Fortum ensures that its portfolio of power and heat plants complies with the increasingly stringent environmental standards. With respect to new capacity, we can benefit from our expertise in combined heat and power facilities and power plants that utilise fuels with reduced environmental impact such as gas and biomass.

NET ELECTRICITY SALES BY AREA > EUR mill.

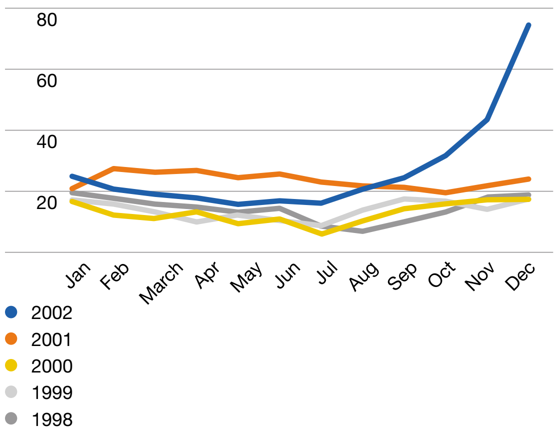


*) includes 100% of Birka Energi's figures as from March 2002, 50% prior to this
**) pro forma, includes 100% of Birka Energi's figures for the whole year and excludes the 2002 figures for the German electricity business

> High electricity market prices at the end of the year

The first half of the year was characterised by warm and rainy weather leading to low consumption and higher than average water reservoir contents. This resulted in low electricity prices during the first two quarters. Along with an exceptionally dry season starting in August the hydrological situation weakened and the electricity prices started to increase. The continuous downward trend in hydrological situation during the rest of the year and the colder than normal weather during the last quarter led to a further sharp increase in the electricity prices. The average price of electricity in the Nordic power exchange (Nord Pool) for the whole year was EUR 26.9 (23.1 in 2001) per megawatt-hour (MWh), about 16% higher than in 2001. Area prices in Sweden and Finland were somewhat higher. The rise in the market price of electricity also led to increases in the electricity retail prices.

MARKET PRICE OF ELECTRICITY, NORD POOL
> EUR/MWh, monthly average system price



At 206 (212) TWh, hydropower generation in the Nordic countries was 3% lower than in the previous year. Despite the dry second half of the year, production during the full year was somewhat above an average year. At the end of the year, Nordic water reservoirs were 27 TWh below the 1990s average. Approximately 54% of electricity in the Nordic countries was generated by hydropower, some 23% by nuclear power, 22% by thermal power and 1% by wind power.

› Rise in electricity sales in the Nordic countries

In the Nordic countries, Fortum's electricity sales totalled 54.5 (47.1) TWh, and 4.5 (6.6) TWh in other countries. Net electricity sales in the Nordic countries were EUR 1,421 (1,063) million and EUR 167 (206) million in other countries. In the Nordic countries, the average price of electricity sold by Fortum was approximately 10% up on previous year. 75% (71%) was sold to business customers and distribution companies, 15% (12%) to households. Electricity exchanges accounted for 10% (17%). In addition to electricity, Fortum also provided its corporate customers and partners with portfolio management services. Fortum`s sales represented approximately 14% (12%) of total Nordic electricity consumption in 2002.

ELECTRICITY SALES BY AREA › TWh

	2002 pro forma *)	2002 **)	2001**)
Sweden	30.4	28.0	19.4
Finland	26.2	26.2	27.6
Other countries	3.1	4.8	6.7
Total	59.7	59.0	53.7

*) includes 100% of Birka Energi's figures for the whole year 2002 and excludes Germany sales figures for 2002
**) includes 100% of Birka Energi's figures as from March 2002, 50% prior to this

› Nordic strategy strengthened

In February, the acquisition of the remaining 50% of Birka Energi AB was completed. With this transaction Fortum reinforced its position as the second-largest producer and supplier of power and the leading district heat producer in the Nordic countries. Fortum has 1.2 million electricity customers and delivers heat to 11,000 real estates, households, industrial facilities and heat distribution companies.

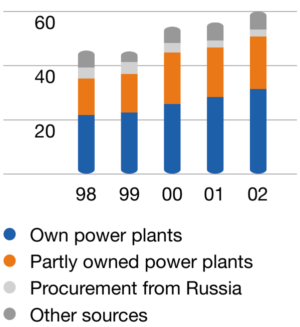
In January 2003, Fortum agreed with E.ON AG on power asset swap. The transactions will further strengthen Fortum's position in its focus area, the Nordic countries and the rest of the Baltic Rim.

In accordance with its strategy of focusing on the Nordic countries, Fortum sold its shares in Fortum Energie GmbH in Germany and the Regional Power Generators Limited in the U.K. Optimisation of the Finnish production portfolio continued through divestments of shares in some power plants.

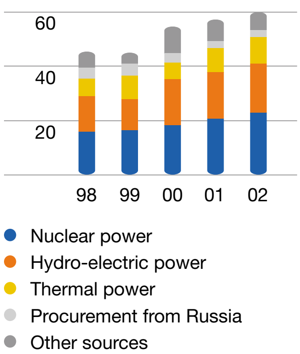
› Efficient use of power generating capacity

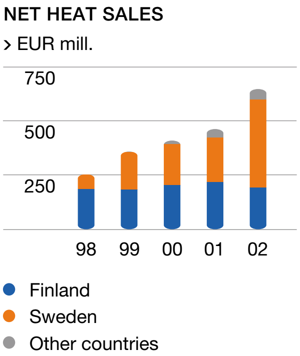
Fortum's power generating capacity totalled 11,347 MW at the end of the year, of which 11,091 MW was in the Nordic countries. Power generation in Fortum's wholly and partly owned power plants totalled 50.6 (46.5) TWh. In the Nordic countries Fortum generated 46.5 (41.0) TWh of electricity, or 12% (11%) of the electricity generated in this area. As a result of the cold and dry weather at the end of the year and the drop in hydropower generation, power plants in long-term preservation and in part use were taken into production. In the Nordic countries, hydropower accounted for 18.1 (17.0) TWh, or 39% (41%), and nuclear power some 22.0 (18.7) TWh, or 47% (46%), of Fortum's own power generation, while the share of thermal power was 14% (13%).

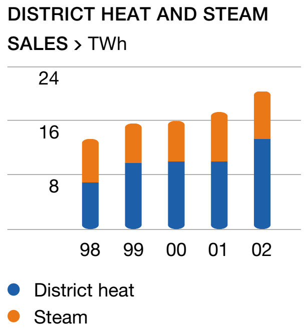
ELECTRICITY PROCUREMENT BY SOURCE › TWh



ELECTRICITY PROCUREMENT BY ENERGY TYPE › TWh







In spring 2002, the Finnish Parliament approved Teollisuuden Voima's (TVO) application for a decision on the building of a new nuclear power facility. TVO's shareholders, including Fortum (with a 26.6% holding), will make decision on their participation in the project probably towards the end of 2003.

In Finland, Fortum owns the Loviisa nuclear power plant (976 MW) and has a 26.6% share in TVO's Olkiluoto nuclear power plant (447 MW). In Sweden, Fortum has a 43.4% share in the Oskarshamn nuclear power plant (964 MW) and a 22.2% share in Forsmark (681 MW).

In total, Fortum has 3,068 MW of nuclear power and 4,533 MW of hydropower generating capacity.

Heat business expansion in the Baltic Rim area

Fortum offers its heat customers district heat and process steam, as well as cooling and refrigeration and related services. In the heat business, Fortum's market area covers the Nordic countries and the Baltic Rim area.

In Sweden, the company AB Fortum Värme samägt med Stockholms stad (Fortum Värme) is responsible for the heat business, which mainly comprises the production and distribution of district heat in the Stockholm area. The City of Stockholm has a 50% economic interest in the company, whose operations are fully integrated with Fortum.

Fortum's heat sales totalled 20.4 (17.3) TWh, of which 8.2 (4.7) TWh in Sweden and 9.8 (10.9) TWh in Finland. Of this, process steam for industry accounted for 5.4 (5.8) TWh and district heat for 12.7 (9.8) TWh in the Nordic countries.

Fortum's heat generating capacity totalled 8,266 MW, 7,813 MW of which was in the Nordic countries, including shares in partly owned power plants. Heat generation in Fortum's own and partly owned power plants in the Nordic countries totalled 17.8 (15.3) TWh. In line with its environmental targets, Fortum aims to increase the use of biofuels in its selection of fuels and to promote the recycling of waste into energy in all its heat generation plants.

HEAT SALES BY AREA > TWh

	2002 pro forma*	2002**	2001**
Sweden	9.4	8.2	4.7
Finland	9.8	9.8	10.9
Other countries	2.4	2.4	1.7
Total	21.6	20.4	17.3

*) includes 100% of Birka Energi's figures for the whole year 2002
**) includes 100% of Birka Energi's figures as from March 2002, 50% prior to this

In the autumn, Fortum Värme started work on the modernisation and expansion of the Högdalen power plant in Stockholm. The investment will create additional capacity and shift the emphasis of the fuel mix towards waste incineration. Annually, the new boiler will replace 70,000 tonnes of fuel oil with recycled fuel, thereby contributing to regional waste management in southern Stockholm.

In December, Fortum announced the acquisition of 73% of the Polish district heating company Dolnoślaski Zakład Termoenergetyczny SA (DZT) and signed a letter of intent concerning the acquisition of a 45% share in the Estonian company Tartu Energia AS.

Gas business opportunities studied

Fortum continued studying long-term business opportunities for gas wholesale operations in the Nordic countries. The main focus was on Sweden, where market studies were conducted regarding the potential use of gas in the Stockholm area and Central Sweden.

Fortum owns shares in gas companies in Finland, Sweden and Estonia. In line with Fortum's Nordic strategy, a plan to discontinue gas sales to end-users in the UK was initiated.

Negotiations on the expansion of the ownership base of North Transgas Oy, jointly owned by Fortum and OAO Gazprom of Russia were continued. North Transgas is developing a gas pipeline project linking Russia to western Europe.

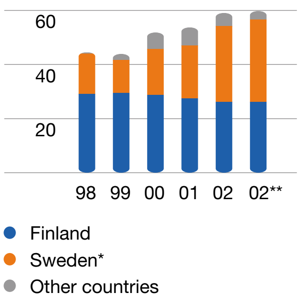
› R & D concentrated on lowering carbon dioxide emissions

Research and Development focused on power generation without CO_2 emissions. The main emphasis was on hydropower productivity, operation and maintenance and nuclear power plant safety. The investments in research and development totalled EUR 7 (8) million.

ELECTRICITY CONSUMPTION IN THE NORDIC COUNTRIES

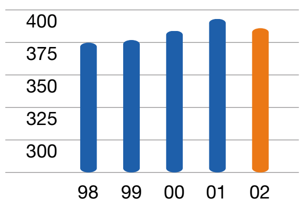
- › The Nordic countries used 386 TWh of electricity, which was 1.8% less than the previous year and 5.3% more than five years ago
- › In Finland, the increase in electricity consumption was about 2.6% and in Sweden the decrease 1.4%
- › The total volume of electricity used in Finland was 83 TWh, 53% of which was attributable to industrial use
- › In Sweden, the equivalent figures were 148 TWh and 39%
- › Hydropower accounted for 54% of the electricity generated in the Nordic countries

ELECTRICITY SALES BY AREA
› TWh



*) includes 100% of Birka Energi's figures as from March 2002, 50% prior to this
**) pro forma, includes 100% of Birka Energi's figures for the whole year and excludes the 2002 figures for the German electricity business

ELECTRICITY CONSUMPTION IN THE NORDIC COUNTRIES › TWh



> Electricity Distribution

- Leading position achieved by Fortum in Nordic distribution market
- Integration of distribution operations of Birka Energi and Uudenmaan Sähköverkko completed
- Process to create unified price structure started in Sweden

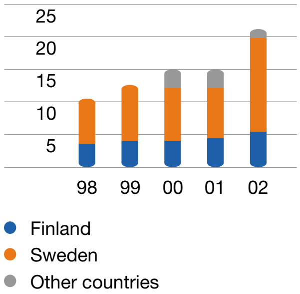
KEY FIGURES

EUR million	2002	2001
Net sales	640	473
-distribution network transmission	526	376
-regional network transmission	80	54
-other sales	34	43
Operating profit	279	135
Net assets	3,200	2,113
Return on net assets, %	9.3	6.2
Investments	1,394	100
Average number of employees	965	954

Distribution is an integral part of Fortum's strategic aim to become the leading Nordic energy company.

Based on the number of customers, Fortum is the biggest player in the Nordic distribution market. In Sweden, Finland and Estonia, Fortum owns and operates distribution and regional networks and distributes electricity to a total of 1.3 million customers. Fortum's market share of electricity distribution is 15% in Finland and 20% in Sweden.

VOLUME OF DISTRIBUTED ELECTRICITY IN DISTRIBUTION NETWORK > TWh



> Building the number one Nordic energy company

The year under review was characterised by major acquisitions and divestments, which are part of Fortum´s overall strategy to establish itself as the number one Nordic energy company. As from 1 March 2002, the distribution business of the Swedish company Birka Energi was 100% consolidated into Fortum's figures. In May, Fortum completed another strategic transaction by acquiring the remaining 50% share in the Finnish Elnova Group which includes the electricity distributor Uudenmaan Sähköverkko Oy, a network company which borders on Fortum's area in south-western Finland. As a result of this transaction, Fortum´s share in the Finnish distribution market increased to 15%.

In March, Fortum sold its shares (27.6%) in Espoon Sähkö Oyj and in June it divested its German electricity distribution business.

The volume of distribution and regional network transmissions totalled 21.2 TWh (15.0 TWh in 2001) and 20.6 (16.7) TWh respectively. Electricity transmissions via the regional distribution network to customers outside the Group totalled 14.3 (8.4) TWh in Sweden and 6.3 (8.2) TWh in Finland.

FORTUM'S ELECTRICITY DISTRIBUTION BUSINESS

Fortum's aim is to deliver a safe and secure supply of electricity to its customers throughout the Nordic area. The electricity distribution business consists of:

- > Distribution and regional transmission of electricity and network asset management in Finland, Sweden and Estonia
- > Distribution network 137,824 km, 0.4-20 kV cables and transformers
- > Regional network 8,464 km, 110 kV cables and transformers

A special feature of the Finnish electricity market is that one player is allowed a maximum of 25% of the electricity distributed in the 0.4 kV distribution network across the country. At the end of 2002, Fortum's share stood at 15%.

At the end of May, there was a major power outage in Stockholm due to a tunnel fire. Around 50,000 people were affected by the interruption to energy distribution. Electricity supplies were restored to all customers within 52 hours. In 2002, a total of EUR 8.4 million in damages was paid out to the private and commercial customers affected. To prevent similar power outages in the future, two supporting power cables will be buried outside the tunnel.

› Regulation of electricity distribution business

Electricity distribution is accepted as a natural monopoly and transmission tariffs are nationally regulated.

In Finland, the Energy Market Authority has included efficiency when assessing whether the profit made by distribution companies is reasonable or not. Efficiency assessments are based on the Data Envelopment Analysis (DEA) model, in which efficiency is evaluated by the relative statistical comparison of controllable costs, amount and quality of electricity distributed, network length and number of customers. The Energy Market Authority has measured the annual efficiency of distribution companies based on information from the years 1999, 2000 and 2001. Fortum's distribution efficiency was 100% in all the measurements.

In Sweden, the Swedish Energy Agency is preparing to move to a theoretical model for comparing optimum networks in 2004. The model assesses the prices of electricity distribution in various operating environments and objectively compares differences in efficiency between network companies.

A compensation model for electricity disturbances is another subject where legislation will have a major impact. The Finnish government is preparing a modification to the Electricity Market Act, requiring that compensation be paid for over 12 hours of interruption in electricity distribution. In Sweden, the energy industry association Svensk Energi has decided upon a voluntary compensation model recommending a 25% reduction in the annual fee after more than 24 hours' interruption to supplies. This level of compensation is not expected to have a material effect on Electricity Distribution's result.

VOLUME OF DISTRIBUTED ELECTRICITY IN DISTRIBUTION NETWORKS > TWh

	2002 pro forma*)	2002**)	2001**)
Sweden	15.3	14.4	7.7
Finland	6.0	5.4	4.4
Other countries	0.1	1.4	2.9
Total	21.4	21.2	15.0

*) includes 100% of Birka Energi's figures for the full year, excludes the 2002 figures for the German electricity distribution business, and includes 100% of the volumes for Uudenmaan Sähköverkko Oy for the full year

**) includes 100% of Birka Energi's figures as from March 2002, 50% prior to this

NUMBER OF ELECTRICITY DISTRIBUTION CUSTOMERS BY AREA

	2002	2001
Sweden*)	890,000	450,000
Finland**)	390,000	280,000
Other countries	20,000	180,000
Total	1,300,000	910,000

*) includes 100% of Birka Energi's figures as from March 2002, 50% prior to this

**) acquisition of Uudenmaan Sähköverkko Oy in May 2002

> Fortum Energy Solutions

> Energy Solutions (Service as of 1 January 2003)

- Power plant engineering reorganised
- Focus on operation and maintenance of power plants
- New operation and maintenance contracts

KEY FIGURES

EUR million	2002	2001
Net sales	664	603
Operating profit	37	13
Net assets	96	236
Return on net assets, %	19.7	5.5
Investments	27	80
Average number of employees	4,948	5,442

The strategic role of Fortum Service is to contribute to Fortum's competitiveness by providing efficient, high-quality maintenance services. The external growth areas are in Nordic industrial maintenance services. Fortum Service is also looking for international growth in energy facility asset management services.

Fortum Service's main business is the provision of operation and maintenance services for power plants and medium-sized industrial customers. It also specialises in combined heat and power technology (CHP) and energy consulting.

After the restructuring of the power plant engineering business at the beginning of January 2003, the name of the business unit was changed to Fortum Service. The power plant engineering business focused on selling medium-sized power plants and refurbishment projects, as well as power plant consulting, project management and design engineering services.

> Core competence in operation and maintenance

Fortum Service maintains the power plants of Fortum's Power, Heat and Gas segment on a contract basis and sells operation and maintenance services to external customers both in Finland and abroad.

During the year, the maintenance function expanded its operations to a new customer segment, the chemical industry. A new model of contract-based maintenance for power plants covering condition management and maintenance for turbines, generators and process equipment was developed. The model has established its position in the Finnish market and the business is expected to grow in the coming years.

> Several projects completed and new agreements signed

In Finland, two large hydropower plant refurbishment projects were completed. Several new maintenance and refurbishment contracts as well as substation maintenance contracts were secured both in Finland and in Sweden. In southern Sweden, the maintenance of an external distribution net was contracted to Fortum Service for the next seven years.

An operation and maintenance agreement for a 720 MW combined cycle power plant was signed in Malaysia and several gas turbine and steam turbine overhauls were carried out for customers in Malaysia, the UK, Thailand, Germany, and Finland.

> Focusing on the Nordic markets

The German Afferde CHP-plant and the Thai subsidiary Laem Chabang Power Company Limited were sold in June and December respectively. Fortum continues to be responsible for the operation and maintenance of the Laem Chabang power plant.

Restructuring of the power plant engineering business was completed when the shares of Fortum Engineering were sold on 1 January 2003 to a new company, partly owned by Fortum.

> Development of product and service concepts continues

Fortum Service will continue to focus on operation and maintenance, its core business, in 2003. The product and service concepts aimed at improved plant performance, process optimisation and condition management will be further strengthened and introduced into new markets, the first of which will be Sweden.

> Oil Refining and Marketing

> Oil Refining > Oil Retail > Shipping > Markets (oil products)

- Full ability to produce sulphur-free traffic fuels, launch of ethanol-based gasoline
- Start of iso-octane production in Canada
- Continued fleet renewal

KEY FIGURES

EUR million	2002	2001
Net sales	7,195	7,223
Operating profit	259	242
Net assets	1,514	1,688
Return on net assets, %	16.3	14.3
Investments	177	224
Average number of employees	4,387	4,524

Fortum is the biggest refiner in the Nordic area with a total capacity of some 14 million tonnes per year. Fortum is also one of the two biggest suppliers of petroleum products in the Nordic wholesale market. It owns two oil refineries in Finland and a network of service stations and other retail outlets in Finland and the other countries in the Baltic Rim. Fortum manufactures and sells gasolines, diesel fuels, light and heavy fuel oils, aviation fuels, base oils, lubricants, gasoline components, bitumens, and solvents, as well as LPG. On the logistics side, Fortum owns and charters tankers and owns oil storage facilities.

Fortum Oil Refining and Marketing focuses on the development, production and marketing of refined petroleum products with reduced environmental impact. Fortum seeks to benefit from the strategic location of its refineries relative to its export markets. Outside of the Baltic Rim area, Fortum Oil Refining and Marketing also focuses on products with reduced environmental impact, principally advanced fuel and lubricant components.

> Refining margins recovered

The international refining margin in north-western Europe (Brent Complex) was considerably lower than in 2001, hovering around the zero limit at the beginning of the year but recovering during the following quarters. The average refining margin for the year was USD 1.0 /bbl (USD 1.9/bbl in 2001).

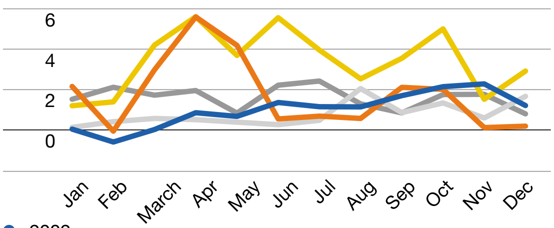
Fortum's premium margin remained at about USD 2.0/bbl above the international reference margin. This is due to the versatility of the refineries and to their ability to manufacture high-quality, environmentally benign products.

> Stable market shares

Fortum's share of the wholesale market for petroleum products in Finland was about 75% (75%) or 8.0 (7.8) million tonnes, and its share of the retail market was about 39% (40%) or 3.9 (3.8) million tonnes. Exports from Finland of petroleum products refined by Fortum

REFINING MARGIN IN ROTTERDAM 1998–2002

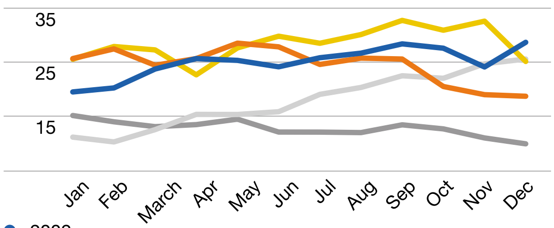
> USD/bbl



- 2002
- 2001
- 2000
- 1999
- 1998

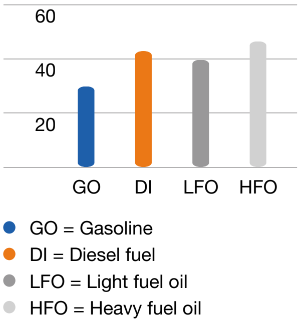
BRENT CRUDE PRICE 1998–2002

> USD/bbl

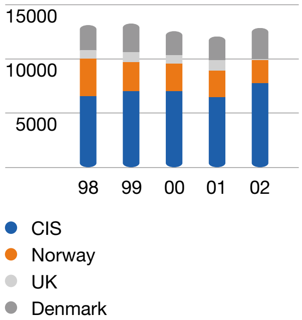


- 2002
- 2001
- 2000
- 1999
- 1998

FORTUM'S SHARE OF RETAIL SALES OF PETROLEUM PRODUCTS IN FINLAND > %



SUPPLY OF CRUDE OIL AND FEEDSTOCKS TO THE REFINERIES > 1,000 t



totalled 5.2 (4.9) million tonnes. Of this, 2.8 million tonnes was motor gasoline and 1.9 million tonnes diesel fuel.

Half of the motor gasoline was exported to the European market. Of this, 90% was low-sulphur (sulphur content below 50 ppm) or sulphur-free (sulphur content below 10 ppm). The main market for sulphur-free gasoline was Germany. The other half was exported to the USA and Canada.

All diesel exports were low-sulphur or sulphur-free. The main markets for diesel fuel were Sweden, the Netherlands and Germany.

The Neste network of service stations sold a total of 1,253 (1,134) million litres of gasoline and 1,149 (1,122) million litres of diesel in Finland, the St Petersburg area and the Baltic Rim countries.

In May, Fortum sold its 24 diesel stations in Sweden. During the year, 10 new Neste stations were opened in the Baltic Rim countries and Russia.

An increasing volume of environmentally benign products

In March 2002, a new unit for producing sulphur-free gasoline at the Naantali refinery was commissioned. As a result of the investments made in 2001 and 2002, Fortum's refineries are now fully converted to production of sulphur-free traffic fuels. For a number of years now, Fortum has been manufacturing and exporting sulphur-free traffic fuels to Sweden and Germany, i.e. to countries where these products are supported in the market by a tax incentive.

Fortum is investigating the possibility of upgrading the Porvoo refinery to increase production of sulphur-free diesel fuel by 25-30%, i.e. by about 1 million tonnes. Currently, Fortum refines over 4 million tonnes of diesel a year.

At the refineries, the use of Russian crude oil and feedstock increased due to the logistically competitive imports of crude oil from the Primorsk oil terminal in Russia. In 2002, Fortum also signed the first long-term agreements relating to Primorsk crude deliveries.

In August, Fortum started production of ethanol-based 98-octane gasoline at the Porvoo refinery. The move is in response to a biofuel directive proposed by the EU, according to which the amount of bio-components in traffic fuels would be gradually increased from the beginning of 2005. The tax on the ethanol used in the project is reduced by 30 cents per litre for a fixed period.

In May, the first pilot plant for liquefied wood fuel in the Nordic countries began production at the Porvoo refinery. Production of the flow-improving additive (FIA) was started at the Porvoo refinery during the first half of the year. FIA, which is based on Fortum's own research and development work, reduces the friction of crude oil and petroleum products and allows greater flow rates through pipelines, which can increase their capacity by as much as 50%.

Components for cleaner traffic fuels

Fortum produces components for use in its own reformulated gasolines, as well as for sale to other oil companies. MTBE (methyl tertiary butyl ether) and TAME (tertiary amyl methyl ether) are oxygenates which improve the combustion of gasoline and reduce harmful emissions. Fortum produces MTBE in Finland, in Portugal and in a joint-venture plant in Saudi-Arabia for sale in international markets. In 2002, Fortum sold about 780,000 (840,000) tonnes of MTBE in different parts of the world, mainly in Europe and the USA. New markets for the product have opened up in a number of countries including the Arab states and Iran.

In California, USA, the use of MTBE will be prohibited by the end of 2003. Pursuant to this, the MTBE production plant in Edmonton, Canada, in which Fortum has a 50% holding, was converted into an iso-octane facility. The plant is the first in the world to begin production of iso-octane after conversion. Production was gradually phased in during the last quarter of the year, and the first batch of iso-octane was delivered in November. All of the iso-octane production at the plant is sold to the Californian market. The plant uses the NExOCTANE technology developed by Fortum. Iso-octane is a high-octane hydrocarbon-based component of gasoline used in cleaner traffic fuels. It meets the strictest of quality requirements.

› High-quality base oils for synthetic lubricants

Fortum is leading in Europe in the development, production and marketing of top-quality base oils. In Belgium, Fortum produces the base oil polyalphaolefin (PAO), which is the most important component of synthetic lubricants. Fortum's share is about 30% of the polyalphaolefin market in Europe.

Fortum also manufactures EHVI (Enhanced High Viscosity Index) base oil, a product similar to synthetic oil, at the Porvoo refinery in Finland. The product is sold to leading lubricant manufacturers and is also used in the company's own lubricants.

› Safety first in shipping

Fortum transports crude oil and petroleum products in the Baltic Sea, the North Sea and the North Atlantic. For oil transport, only tankers fitted with a double hull or double bottom are used. Most of the tankers also have the ice class needed for year-round operation in the Baltic Sea. In 2002, Fortum's fleet carried a total of 37 (37) million tonnes.

The recession in the freight market started in late 2001 and continued into 2002. The sinking of the tanker Prestige off the Spanish coast in November triggered a shift in demand away from single-hull tonnage to tankers of a more advanced design. As a result, there was a significant increase in the demand for freight volumes carried by these vessels. This trend had a positive impact on Fortum's shipping business.

In 2002, Fortum acquired new vessels, sold off existing tonnage, and reorganised its fleet portfolio. One new super ice class 106,000 tonne crude oil carrier as well as two new escort tugs were taken into bareboat charter. Another similar crude carrier was bareboat chartered in January 2003. Fortum also has six product tankers under construction. One crude carrier and one tug-boat were sold in 2002.

The road transport of Fortum's oil products is handled by some 160 trucks. The vehicles, which use the Neste livery, are owned by private hauliers.

FLEET IN JANUARY 2003

30 vessels, comprising
20 product tankers
8 crude carriers
2 barge/tug combinations
as well as 1 barge and 3 tugs

Six of the vessels are wholly owned and two partly owned by Fortum. The remaining 22 vessels are chartered on various bases. The total capacity of the fleet is about 1 million dead-weight tonnes.

› Oil technology worldwide

Fortum uses its own patented NExTAME technology at the Porvoo refinery in the production of a low-emission etherified gasoline component. The NExTAME and NExETHERS technologies have further strengthened their share in the technology markets, especially in the manufacture of the ethanol-based ETBE. The latest deal on the technology was signed with a Spanish company.

Commercialisation of the high-conversion NExCC cracking technology is also progressing.

DELIVERIES OF PETROLEUM PRODUCTS REFINED BY FORTUM, BY AREA > 1,000 t

	2002	2001
Finland	7,845	7,484
Other Nordic countries	1,982	1,991
Baltic countries and Russia	41	45
USA and Canada	1,276	682
Other countries	1,896	1,941
Total	13,040	12,143

DELIVERIES OF PETROLEUM PRODUCTS REFINED BY FORTUM, BY PRODUCT GROUP > 1,000 t

	2002	2001
Gasoline	4,595	3,823
Diesel	3,619	3,310
Aviation fuel	586	455
Light fuel oil	1,503	1,713
Heavy fuel oil	1,233	1,201
Other	1,504	1,641
Total	13,040	12,143

REFINERY PRODUCTION > 1,000 t

	2002	2001	2000	1999	1998
Liquified petroleum gases	276	191	267	248	380
Motor fuel	4,356	3,783	3,922	4,268	4,059
Diesel and light fuel oil	5,082	5,015	5,248	5,033	5,125
Heavy fuel oil and bitumen	1,728	1,549	1,647	1,544	1,579
Other products	1,060	808	1,095	1,290	1,390
Total output	12,502	11,346	12,178	12,383	12,533

› Oil and Gas Upstream

› Exploration and Production

- Increased production in Norway
- Continued investment in Russian oil and gas fields
- Divestment of assets in Oman and Norway

KEY FIGURES

EUR million	2002	2001
Net sales	391	408
Operating profit	213	196
Net assets	934	1,271
Return on net assets, %	19.4	15.4
Investments	75	90
Average number of employees	58	61

Following its strategy to divest non-core assets, Fortum sold its oil and gas field assets in Oman and Norway. However, given the importance of the Russian crude oil supply to its refining operations, Fortum will continue participating in oil field development activities in Russia with its joint venture partners.

› Crude oil prices raised by turbulence in the Middle East

During the year, the price of crude oil fluctuated between USD 20/bbl at the beginning of the year and USD 31/bbl at the end of the year. Production cuts by OPEC, the unstable situation in the Middle East and the Venezuelan general strike raised prices at the end of the year.

The average price of North Sea light Brent crude oil was USD 25.0/bbl (USD 24.4/bbl in 2001). The average price of crude oil sold by Fortum was USD 25.5/bbl (23.7/bbl), and the corresponding equivalent price of gas was USD 17.6/bbl (19.0/bbl).

› Decision to focus on Russia

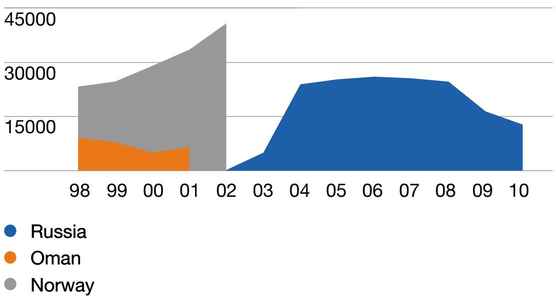
Fortum made a decision to focus its oil exploration and production on Russia. In February, Fortum divested its interests in the oil fields in Oman. The Norwegian oil and gas reserves were sold in November and the deal is expected to be completed in March 2003.

In 2002, Fortum's oil and gas production amounted to 40,800 (40,200) boepd. This was equivalent to an annual output of about 2.0 (2.0) million oil-equivalent tonnes. Natural gas accounted for approximately 28% (18%) of production. The increased natural gas production in Norway compensated the divestment in Oman.

The start of oil exploration and production in the South Shapkino oil field in Russia is scheduled for late 2003. The reserves of the South Shapkino oil field, which is half owned by Fortum and the Russian company Lukoil, have been estimated at 164 million barrels (over 20 million tonnes). The daily production of the field is expected to reach 30,000 barrels (1.5 million tonnes a year) by the end of 2004. The planned peak production level of the field is about 50,000 barrels a day (2.5 million tonnes a year) in 2005. Fortum has a 50% share in the reserves and production of the field.

OIL AND GAS PRODUCTION

› (boe/day) 1998-2010



› Fortum Markets

- Around 400,000 new electricity customers through acquisition
- Marked increase in electricity retail prices in the autumn
- Synergy benefits through pan-Nordic business concept
- Leading supplier of heating oil in Finland

Fortum Markets aims to become the most attractive energy retail company in the Nordic countries. By targeting the pan-Nordic market, the aim is to achieve efficiency in operations as well as versatility and high quality in products and services. Fortum Markets focuses on the retail sale of electricity and oil products as well as related services.

› Gradual change in the retail business

There are over 400 Nordic electricity retail companies. It is estimated that consolidation will continue albeit at a slower pace than previously anticipated. Success in the Nordic energy retail market requires cost competitiveness and high-quality products and services as well as a broad customer base. Companies must also adopt a flexible pricing strategy, which requires expertise in risk management and excellence in customer care.

› Building a pan-Nordic company

In February 2002, Fortum completed the acquisition of the remaining 50% of the Swedish company Birka Energi. Work on establishing a common Nordic business concept for the energy retail business was started immediately.

In May, Fortum bought the remaining 50% of Uudenmaan Energia, which has some 100,000 electricity retail customers. Uudenmaan Energia was merged into Fortum in January 2003.

At the beginning of 2003, the use of HemEl, the brand name specific to the Swedish private consumer market, was discontinued. All electricity is now sold under the Fortum brand name. By focusing on one brand, the company can benefit from cost and communication efficiencies. In Sweden, a new simplified invoice format was introduced. These, together with a concentrated effort to improve customer service procedures, have already generated positive customer feedback.

KEY FIGURES

	2002	2001
Electricity sales, TWh	33.2	25.7
- private customers	8.0	5.8
- business customers	25.2	19.9
Sales of heating oil, million tonnes	1.3	1.5
Number of customers, million	1.3	0.9

The figures for Fortum Markets are included in the figures for Power, Heat and Gas and for Oil Refining and Marketing.

› Prices increased in the Nordic area

The steep rise in the Nordic electricity market prices during the late autumn and early winter were also reflected in the retail prices. Despite several end-user price increases, the result of the retail sales was slightly negative.

› Focus on quality and growth

Emphasis was put on developing a cost-effective, customer-oriented approach to improve quality of service. The provision of competitive products and services will continue to be a priority in order to improve customer satisfaction. Internet services are also being developed. Access to extranet services for Finnish customers was established a few years ago with on-line heating oil sales proving particularly successful in 2002. Extranet services for Swedish customers will be available in 2003.

PRODUCTS AND SERVICES

› **Business customers**
The sale and marketing of electricity, oil products and energy-related services for the process and manufacturing industries as well as service and property companies. Services include risk management and energy efficiency services.

› **Private customers**
The sale and marketing of electricity and heating oil and related services to households and farms.

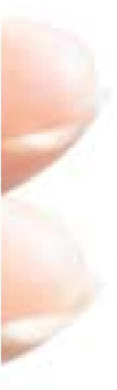
› **Services unit**
Customer care and sales in Contact Centres, invoicing, back office and information management services. Financial accounting and reporting services for energy and utility companies.

In line with its shared values, Fortum strives to achieve a balance between the economic, environmental and social aspects of its activities.

Corporate Citizenship ›

”Fortum strives to be a good corporate citizen by making a positive contribution to the societies in which it operates. Its long-term business success depends on its ability to supply innovative energy products and services, leading to a more sustainable use of energy. Fortum respects the environment, the culture and values of the people in the countries where it operates and promotes an open and active dialogue with its customers, employees and other stakeholders. To foster creativity and innovation, Fortum promotes a safe and pleasant working conditions for all its employees.”

> Caring for the Environment, Health and Safety (EHS)



In 2002, Fortum made good progress on several fronts:

- improved safety performance
- more climate benign renewables-based generating capacity
- more production capacity for clean traffic fuels
- development of bio-components for traffic fuels
- improved energy efficiency

The main goals of Fortum's EHS policy are: to be a forerunner in safety and environmental competitiveness; to offer superior, safe and environmentally preferred products and services; and to use natural resources responsibly.

> Injuries down by 28%

Fortum's aim is to improve its safety performance to match that of the top companies in the field. In a move to develop the company's safety culture, a comprehensive safety management evaluation was carried out, which identified a number of opportunities for improvement. New internal reporting procedures were introduced to support safety management.

Number of injuries that result in more than one day lost per million hours worked (LWIF) was 8.8 (12.2 in 2001). No fatalities were recorded. The figures indicate that Fortum is on the right track although there is still much to be done to reach the company short-term target of 6.4 in 2003.

> Progress in the global framework for climate and renewables

The global framework for climate and renewables is gradually taking shape. The main drivers in the EU are the proposed emissions trading system and the directives aimed at increasing the use of renewable energy sources. Fortum has been one of the pioneers of emissions and renewable energy certificates trading and continued to be an active player in this market in 2002.

Fortum is supportive of market-based approaches, which offer flexibility without endangering the climate goals. However, Fortum is of the opinion that many details still need to be refined regarding the future development of the trading rules. Such rules need to be transparent and compatible with the deregulated energy markets.

> Additional investments in the PCF

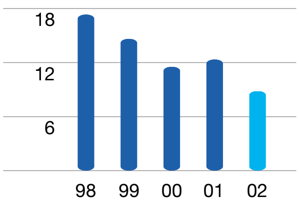
Fortum increased its shares from USD 5 million to USD 6 million in the World Bank's Prototype Carbon Fund (PCF). The PCF, founded in 2000, is a mutual fund of 17 companies and six governments with a total capital of USD 180 million investing in Kioto mechanisms. The first projects started to produce emission reductions in 2002, and the corresponding verified emission reduction credits will be delivered to the shareholders during 2003.

> Active player in the renewable energy certificate market

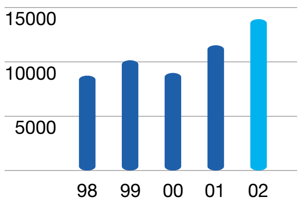
The promotion of renewable energy sources has a high priority in EU energy policy. Many member states are establishing national renewable energy programmes and considering certificate systems that will ultimately replace the existing state support mechanisms.

Fortum supports the constantly evolving market in renewable energy certificates. In 2002, the company further increased its readiness to respond to new developments by making an active contribution

LOST WORKDAY INJURIES
> injuries/million hours worked



CARBON DIOXIDE EMISSIONS
INTO THE AIR > 1,000 t/year



to the European renewable energy certificate system (RECS) and by making preparations for the Swedish national certificate system, which is scheduled to start in spring 2003.

› More energy from renewable energy sources

The acquisition of Birka Energi raised Fortum's renewable power generating capacity (shares included) to 4,500 MW and carbon-free power generating capacity to 7,600 MW. These figures represent 40% and 67% respectively of Fortum's total generating capacity. Fortum is confident that this structure will give the company a competitive advantage once the EU's climate and renewables-related programmes and directives are fully implemented. Fortum's total consumption of bio-fuels in CHP production increased by 12% compared with the previous year.

› Cold, dry autumn increased emissions

The situation on the Nordic electricity market towards the end of the year was exceptional. The dry autumn weather decreased the availability of hydropower while the cold temperatures resulted in record-high electricity consumption. To meet the demand, Fortum had to use more fossil fuels than in previous years, which raised atmospheric emissions. CO_2 emissions (own operations, excluding shares) were 13.9 (11.4) million tonnes and SO_2 and NOx emissions 33,000 (30,000) tonnes and 37,000 (31,000) tonnes respectively.

› Developing new bio-fuels

In August, Fortum launched an ethanol-based high-octane gasoline on the Finnish market. The bio-gasoline will be manufactured at least until the end of 2003. A decision on whether to continue production will be made later.

The pilot plant producing liquefied wood fuel started production in May 2002. Forestry residues and sawdust are converted into a liquid fuel, Forestera™, to be used as heating oil in large residential and public buildings as well as in industrial facilities.

› Energy-saving work awarded

Fortum was awarded a prize for the conscientious and systematic implementation of the power industry's Energy Savings Agreement by the Finnish Ministry of Trade and Industry.

Work to improve energy efficiency is ongoing at Fortum's oil refineries as well. As a result, international energy efficiency studies have ranked the Porvoo refinery among the top European performers in recent years.

› Major environmental investments already made

In 2002, EHS investments amounted to EUR 34 (44) million, and operating expenses totalled EUR 53 (58) million. The most significant investments during the year included new production capacity for cleaner traffic fuels and improvements to energy efficiency at production plants.

The standard of environmental protection at Fortum's plants broadly complies with the requirements of the best available technology (BAT) and no major investment needs are foreseen in the near future.

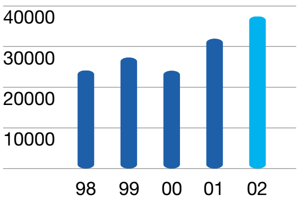
In 2002, Fortum paid a total of EUR 280 million in environment-based taxes and fees in Finland and Sweden.

› EHS liabilities under control

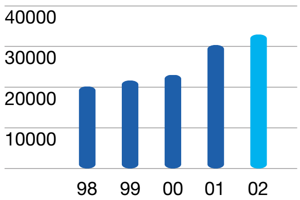
Fortum has evaluated the environmental liabilities relating to its past actions and made the necessary provisions, in line with its accounting principles, for any future remedial cost relating to environmental damage. The management is not aware of any cases that would have a material impact on Fortum's financial position.

The operation of Fortum's production facilities complied for the most part with valid environmental permits and other environmental regulations. Minor infringements of permits, which occurred at four sites, had no verified impact on the environment or on human health, and there were no financial consequences for the company.

NITROGEN OXIDE EMISSIONS INTO THE AIR › tonnes/year



SULPHUR DIOXIDE EMISSIONS INTO THE AIR › tonnes/year



> Fortum as an Employer

The goal of Fortum's human resource management is to have knowledgeable, committed, cooperative and innovative employees who are prepared for change. The Group's shared values guide the every-day activities of Fortum employees. Human resource management and its development is based on the corporate strategy and the strategies of the different business units. Common working practices and HR management tools assist line management and supervisors in achieving their goals.

NUMBER OF PERMANENT EMPLOYEES BY SEGMENT AS OF 31 DEC 2002

	2002	2001
Power, Heat and Gas	2,665	2,719
Electricity Distribution	853	930
Fortum Service	4,774	4,245
Oil Refining and Marketing	4,074	4,110
Oil and Gas Upstream	55	59
Other operations	697	793
Total	13,118	12,856

Fortum's human resource management faced two major challenges in 2002. One was to support the Fortum-Birka transformation, while the other involved reaching agreement on shared working practices within human resources.

> Creating a pan-Nordic company

Combining Fortum's and Birka's organisations involved almost 10,000 employees, directly or indirectly. The process required a wide range of different measures, some of the most important ones being the appointment of managers and the development of shared working practices.

Apart from the oil sector, all of the corporate business and service units had pan-Nordic management teams in place as of 1 July. Special attention was given to the 900 employees (about 600 in Sweden and 300 in Finland) who became redundant as a result of the merger.

Co-determination negotiations in line with Finnish and Swedish legislation were conducted during the latter half of the year. The reduction was effected through outsourcing, early retirements, transfers to new positions and redundancies. This process will continue in 2003. In all phases of the process, Fortum has taken care to be open and to respect the individual.

> Promoting job satisfaction and well-being

A job satisfaction survey covering the whole Group was conducted in the autumn of 2002. The study revealed that Fortum employees' job commitment was above average while their job satisfaction was average. With regard to general information flow and receipt of feedback, a significant improvement was hoped for. Every unit has analysed its own results and the necessary steps to overcome any shortcomings have been planned. Job satisfaction surveys will be carried out on a regular basis in order to provide data for continuous development.

TRIM, the programme launched in Finland in 2001 for maintaining and promoting employees' well-being and fitness for work, continued in 2002 with the focus on improving conditions in the work-place as part of normal planning procedures and working practices.

> Paying for performance

Fortum's remuneration system was further revised during 2002. The target is to introduce a performance and/or results-based compensation system for all Fortum employees who would also receive a competitive base salary.

In March 2002, the Annual General Meeting approved a new option scheme, the main purpose of which was to bring the new Fortum employees in Sweden into the sphere of the Group's long-term incentive system. The option scheme is described in more detail on pages 78–80. A decision has been made to discontinue with new option schemes. They will be replaced by a long-term incentive system for top management, based on one hand on the annual results and on the other hand on the development of the value of Fortum`s shares.

In the spring of 2002, based on the 2001 year-end results, a total of EUR 6.8 million was paid into the corporate personnel fund as part of the Group's profit-sharing scheme. There are 9,000 members in the fund, which is currently only applicable to employees in Finland.

› Developing people

In early 2002, the Group and the business units together designated corporate-wide management training programmes, strategic HR planning and shared business practices as key HR development projects.

The end of 2002 saw the management training concept nearing completion. It contains three different entities: Fortum Manager, an overall management training programme, Fortum Challenger, a middle-management development programme, and Fortum Forward, a top-management development programme with the focus on strategy. A total of some 700-800 employees will be taking part in these programmes over a period of three years.

The business units have their own programmes for developing the skills of their personnel that are tailored to their respective needs. The business units have also prepared their specific HR priorities for 2003. In many units, the areas of focus include HR development, competence management and securing the future availability of skilled personnel.

During 2002, approximately EUR 8.6 million was spent on HR development. A Fortum employee spent an average of 2.7 days in training.

During the year, there were about 200 internal job openings and about 110 personnel transfers between the units. Emphasis was placed on increasing internal job rotation across the sectors and business units.

A total of about 8,700 job applications were received through Fortum's recruitment pages on the Internet. Of these, 6,000 concerned summer training positions. During the year, Fortum participated in 17 recruitment events in Finland and Sweden.

› Decreasing number of staff

In 2002, Fortum employed an average of 14,053 (14,803) persons. At the end of the year, the number of employees totalled 13,670 (13,425), of whom 13,118 (12,856) permanently employed. The temporary growth is due to the acquisition of the remaining 50% of Birka Energi.

Female employees accounted for 23% (23%) of the total workforce. The average age of employees was 45 (44) years.

The number of Fortum employees is decreasing, however, due to redundancies and divestments. As a consequence of these and other measures to enhance business performance, the number of employees fell by some 1,500 persons in 2002. In early 2003, the number decreased by a further 450 persons, due to the restructuring of the power plant engineering business.

NUMBER OF PERMANENT EMPLOYEES BY COUNTRY AS OF 31 DEC

	2002	2001
Finland	7,438	7,922
Sweden	3,730	2,172
Germany	10	622
Estonia	452	488
Hungary	279	333
Norway	39	41
Russia	300	344
USA	303	284
UK	162	204
Other European countries	316	312
Other countries outside Europe	89	134
Total	13,118	12,856

Activities in Society

Fortum as a neighbour

Fortum is committed to maintaining good relations with its neighbouring communities. Formal and informal groups exist to promote mutual cooperation in several locations, and all sites are encouraged to engage in an active dialogue with the different local constituencies. Fortum's policy is to be proactive in its communication, which is based on openness and honesty.

Fortum regularly monitors the views of the local residents in the areas around the refineries and power plants regarding its handling of environmental and safety issues. According to a study carried out in 2002, the majority of those living in close proximity to the refineries, the regional decision-makers and media representatives are satisfied with the amount of information they receive. On the other hand, the information made available on the oil spill at Naantali in 2001 has created some distrust of Fortum's local communications. The respondents trust Fortum's environmental management, however, and an increasing number of people would be willing to allow Fortum to expand its operations in the area.

Feedback appreciated

Fortum is sensitive to the views about the company and is keen to listen to its different stakeholders in society. Regular studies on customer satisfaction and attitudes towards energy are among the key feedback channels that influence the continuous development of its operations, products and services.

For almost 20 years, Fortum has participated in a survey of attitudes towards energy among the Finnish population. According to the 2002 results, over 90% of the respondents had a high awareness of Fortum and some 40% regarded Fortum as one of the most professional companies in its sector. When compared to other major companies also outside the energy field, Fortum received top ratings regarding its attitude towards the environment and its performance as a socially responsible company.

Hammarby Sjöstad – living in the future

Hammarby Sjöstad is an environmental city project close to Stockholm city centre. It will ultimately be a suburb for 30,000 people based on high levels of energy efficiency and extensive recycling. For Fortum it is a development project, where intelligent, environmentally benign building and energy technologies such as solar energy, fuel cells and biogas can be tested on a full scale in collaboration with customers. The experiences gained can then be applied to Fortum's R&D work.

Fortum supports research, education, arts and sport

In spring 2003, the Fortum Foundation distributed a total of EUR 400,000 in grants to support research and development work relating to its business. It also supported teaching activities at universities and educational institutions and contributed to school events donating a total of EUR 160,000. In addition, Fortum continued working in partnership with several schools and teaching organisations during the year.

Fortum spent a total of EUR 300,000 on charitable causes. These included projects relating to children and youth, and to the arts and culture, as well as sports clubs and anti-drug campaigns throughout Finland and at Fortum's main locations. Fortum's main sponsorship projects included a number of high-quality classical music festivals, children and youth activities and organisations promoting environmental protection (Keep the Archipelago Tidy and WWF Finland). The three biggest single sponsorship projects were the Ice-hockey World Championships, Neste Rally Finland, and the People's opera (Folkoperan) in Stockholm.

A separate report "Fortum in Society 2002" will be published in spring 2003. For more detailed information on Fortum's management of EHS issues and its local community activities, please visit www.fortum.com/environment.

Managing Operational Risks

Large-scale energy businesses involve many types of risks. Fortum makes a consistent effort to be well aware of these risks and to manage them proactively through systematic approaches and procedures.

Nuclear risks

Fortum owns the Loviisa nuclear power plant and has minority interests in one Finnish and two Swedish companies with nuclear plants. In Finland and Sweden, third party liability relating to nuclear accidents must be covered by insurance. Fortum has an insurance policy of ca EUR 240 million per nuclear incident, which is the upper liability limit in accordance with the Finnish Nuclear Liability Act.

Risks at production facilities and on ships

As part of the annual business planning process, maintenance and turnaround programmes are approved for each facility. Audits and continuous training of employees emphasise the importance of preventive measures.

In the refineries, systematic risk-based inspections are carried out and investment projects involve extensive risk analyses. Comprehensive procedures and alert systems at the plants support operational safety and mitigation of environmental risks.

In order to ensure safe marine transport of crude oil and petroleum products, Fortum uses only double-hull or double-bottom tankers. Most of the tankers also have the ice class needed for year-round operation in the Baltic Sea.

Environmental and safety risks

Environmental and safety risks are continuously evaluated through audits and risk assessments. The importance of corrective and preventive action is further emphasised by launching focused development projects. In transactions, risks are systematically evaluated and liabilities are specified in contracts.

Climate change is set to become the biggest environmental challenge facing energy companies in the future. Emissions trading is likely to be the key short-term control instrument (see page 28). The fact that Fortum uses a high proportion of renewable energy in its production processes and has the capability to increase the share of bio-based traffic fuels it produces will also help the company to meet future renewable energy requirements.

Political and regulatory risks

Through its Nordic and European networks, Fortum is actively engaged in a dialogue with the bodies involved in the development and enforcement of laws and regulations relating to the energy industry.

Weather-related risks

Weather constitutes a significant risk to the players in the Nordic electricity market. Fortum Markets manages price and temperature-related volume risks through end-product pricing based on market prices combined with active portfolio management.

IT security risks

Fortum's IT infrastructure has been consolidated into the Corporate IT Services unit for better reliability and security. The IT architecture is streamlined to make the environment more robust. IT security audit project in the business units was finalised in 2002. The audits covered business critical processes and continuity plans. Crisis management and security awareness programs were initiated.

Insurances

Fortum has established world-wide insurance schemes to cover risks related to property damage, business interruption, liability exposures and business travel. Fortum Insurance Ltd, a captive company established in 1988, participates in schemes for property and interruptions to business covering all of Fortum's industrial plants on a replacement cost basis.

Financing risks

See page 63 on financing risks.

Legal contingencies

See page 65 for litigation.

Governance >

Corporate Governance

Fortum adheres to the Finnish Companies Act and the guidelines on the administration of publicly listed companies, issued by the Central Chamber of Commerce of Finland and the Confederation of Finnish Industry and Employers. Fortum also observes the Guidelines for Insiders issued by the Helsinki Exchanges. In addition to a register of persons obliged to declare insider holdings, as required under the Securities Markets Act, Fortum maintains a more extensive insider list, which is kept in the insider register system of the Finnish Central Securities Depository.

The decision-making bodies running the Group's administration and operations are the Annual General Meeting, Supervisory Board, Board of Directors with its two Committees and the President and Chief Executive Officer.

Annual General Meeting

In addition to its other duties, the Annual General Meeting approves the parent company and consolidated income statement and balance sheet annually, agrees the amount of dividends to be paid and appoints the members of the Supervisory Board. The Annual General Meeting is held once a year, at the latest in June.

Supervisory Board

The members of the Supervisory Board are elected at the Annual General Meeting for a one-year term of office. The Supervisory Board comprises a minimum of ten and a maximum of 20 members; the current number is 12. The Supervisory Board meetings, which as a rule convene every other month, are also attended by four employee representatives, who are not members of the Supervisory Board. More than half of its members must be present to constitute a quorum. In 2002, the Supervisory Board met 6 times.

The Supervisory Board supervises the administration of the company and discusses any issues that may involve a substantial downsizing or expansion of the business; it confirms the number of members of the Board of Directors and selects the Chairman and other members of the Board of Directors, and submits its statement on the financial statements and auditors' report to the Annual General Meeting. The Supervisory Board appoints, on the recommendation of the Board of Directors, the President and CEO of the company.

MEMBERS OF THE SUPERVISORY BOARD

Leena Luhtanen (b. 1941), Member of Parliament (MP), Chairman of the Supervisory Board
Ben Zyskowicz (b. 1954), MP, Deputy Chairman of the Supervisory Board
Henrik Aminoff (b. 1945), BSc (Econ)
Tuija Brax (b. 1965), MP
Kaarina Dromberg (b. 1942), MP (resigned 6 June, 2002)
Klaus Hellberg (b. 1945), MP
Rakel Hiltunen (b. 1940), MP
Harri Holkeri (b. 1937), Counsellor of State
Jorma Huuhtanen (b. 1945), Director General
Mikko Immonen (b. 1950), MP
Kimmo Kalela (b. 1941), Industrial Counsellor
Tanja Karpela (b. 1970), MP
Matti Vanhanen (b. 1955), MP

EMPLOYEE REPRESENTATIVES

Tapio Lamminen, workers
Timo Nyman, managers and professionals
Pentti Paajanen, workers
Edvard Trebs, clerical personnel

Board of Directors

The Board of Directors comprises five to seven members, who are appointed by the Supervisory Board for one calendar year. The current number is seven. More than half of its members must be present to constitute a quorum. In 2002, the Board of Directors met 11 times.

The Board of Directors is responsible for the administration of the Group and for ensuring that the business complies with the relevant rules and regulations, Fortum's Articles of Association, and the instructions given by the Annual General Meeting and the Supervisory Board.

The Board of Directors is responsible for the company's strategic development and for supervising and steering the business. It also decides on the Group's key operating principles; confirms the company's annual operating plan, annual financial statements and interim reports; decides on major investments; confirms the company's ethical values and operating principles and oversees their implementation; appoints deputies and the immediate subordinates to the President and CEO and decides on their remuneration; confirms the Corporate Executive Committee and the Group's organisational and operating structure at top management level; and defines the company's dividend policy.

The Executive Chairman of the Board, together with the President and CEO, prepares matters relating to the Group's strategy, development of corporate structure, and joint initiatives for the Board of Directors.

› The Board Committees

The Board of Directors has appointed an Audit Committee, and a Nomination and Compensation Committee. The members of these Committees are all non-executives. The Audit Committee monitors the company's financial statements, interim reports and auditors' reports and services provided by them, and monitors and assesses the Fortum-wide internal supervision system and internal auditing. The Audit Committee is chaired by Birgitta Kantola and the members are Hans von Uthmann and Erkki Virtanen. In 2002, the Audit Committee met 3 times.

The Nomination and Compensation Committee discusses, assesses and makes proposals on the Group's and its management's pay structures and bonus and incentive systems, and contributes to nomination issues. The Nomination and Compensation Committee is chaired by Heikki Pentti, and the members are Lasse Kurkilahti and Antti Lagerroos. In 2002, the Nomination and Compensation Committee met 5 times.

› President and CEO

The role of the President and CEO is to manage the Group's business and administration in accordance with the Finnish Companies Act and the instructions of the Board of Directors. The President and CEO is supported by the Corporate Executive Committee. Mikael Lilius has been President and CEO since 2000.

› Salary, remuneration and shareholdings

The Executive Chairman of the Board and the President and CEO are paid performance bonuses, in addition to their salary and fringe benefits, the size of which is dependent on the Group's financial performance and success in reaching its goals. The bonus may not exceed 30% of the person's annual salary.

The retirement age of the Executive Chairman of the Board and the President and CEO is 60, and the pension paid is 60% of the remuneration. In the event that Fortum decides to give notice to either one, he is entitled to compensation equalling 24 months' salary.

SALARY AND REMUNERATION IN 2002

EUR	Salaries and fringe benefits	Performance-related bonuses	Total 2002	Total 2001
Members of the Supervisory Board	97,989.66	-	97,989.66	96,960.34
Chairman of the Board	335,699.06	79,069.47	414,768.53	368,491.67
Other members of the Board of Directors	161,345.96	-	161,345.96	94,857.99
President and CEO	626,325.64	155,276.23	781,601.87	622,698.71
Other members of the Executive Committee	1,242,544.16	265,622.27	1,508,166.43	1,300,894.79

Auditing

The internal auditing function, which reports to the Audit Committee and the President and CEO, ensures that the Company and the Group operate in compliance with the relevant rules and regulations as well as with the Group's operating principles. Internal auditing also ensures that Fortum's risk management policies are followed.

The companies of the Group are audited by PricewaterhouseCoopers Oy with Pekka Kaasalainen, authorised public accountant, having the principal responsibility.

Bonus and incentive systems

The management share option scheme (1999), a bond loan with attached warrants for employees (1999) and a share option scheme for key employees (2001 and 2002), support the achievement of Fortum's long-term goals. More details are in the official financial statements on pages 78–80.

An annual bonus and incentive system, designed to support the achievement of Fortum's short-term goals, is employed throughout the Group. Every Fortum employee is covered by some kind of bonus system. The criteria used in determining the size of the bonus are confirmed annually by the Board of Directors on the recommendation of the Nomination and Compensation Committee. The criteria for recognising employees' progress in reaching their personal goals are mutually agreed by the employee and his/her superior in an annual performance and appraisal discussion. The person to whom the superior reports approves the criteria.

The Fortum Personnel Fund (for Finnish employees only) has operated since 2000. The Board of Directors determines the criteria for the fund's annual profit sharing bonuses.

SHARES AND SHARE OPTIONS HELD BY THE MEMBERS OF THE SUPERVISORY BOARD AND THE BOARD OF DIRECTORS AS OF 31 DECEMBER 2002

	Shares	Share options 2001	2002A
Members of the Supervisory Board			
Kimmo Kalela	3,200	-	-
Matti Vanhanen	351	-	-
Members of the Board of Directors			
Heikki Pentti	546	-	-
Matti Vuoria	39,370	400,000	340,000

From left to right:
Matti Vuoria, Lasse Kurkilahti, Birgitta Kantola, Erkki Virtanen, Hans von Uthmann, Antti Lagerroos and Heikki Pentti.

› Board of Directors as of 31 December 2002

Matti Vuoria › Master of Laws, born 1951, Executive Chairman. Mr Vuoria is a director of a number of companies, including Orion Corporation and The European Renaissance Fund Limited. He is also Vice Chairman of Danisco A/S and Chairman of Solidium Oy.

Heikki Pentti › BSc (Econ) MBA, born 1946, Deputy Chairman. Mr Pentti is Chairman of Lemminkäinen Corporation and Chairman of the Confederation of Finnish Industry and Employers. He is also a director of Pohjola Group Insurance Corporation and Myllykoski Corporation.

Birgitta Kantola › Master of Laws, born 1948. In the period from 1995 to 2000 Ms Kantola was Vice President and CFO of International Finance Corporation (Washington D.C.). Today she is a director of Vasakronan AB, Akademiska Hus AB and Municipality Finance Plc.

Lasse Kurkilahti › BSc (Econ), born 1948. Currently President and CEO of Elcoteq Network Corporation, he was President of Nokian Tyres plc (1988 – 2000) and President of Raisio Group (2000 – 2001). He is also Chairman of the Boards of Fintra and Fountain Park Oy and a director of Lassila & Tikanoja plc.

Antti Lagerroos › Licentiate in Laws, born 1945. Mr Lagerroos is President & CEO of Finnlines Plc. He is also a director of Nordic Aluminium plc and Wärtsilä Corporation, and a member of the Supervisory Board of Ilmarinen Mutual Pension Insurance Company.

Hans von Uthmann › born 1958. A former President of AB Svenska Shell (1996 – 2000), he is currently President and CEO of Duni AB. He is also a director of DIF AB.

Erkki Virtanen › MSc (Social Sciences), born 1950. Mr Virtanen is Permanent Secretary at the Ministry of Trade and Industry and Deputy Chairman of Sitra, the Finnish National Fund for Research and Development.

Corporate Executive Committee

Mikael Lilius > BSc (Econ), born 1949,
President and Chief Executive Officer, Chairman of the Corporate Executive Committee
Employed by Fortum since 2000.
Shareholding: 1,000
Share options: 350 (1999), 400,000 (2001), 340,000 (2002A)

Mikael Frisk > MSc (Econ), born 1961,
Senior Vice President, Corporate Human Resources
Employed by Fortum since 2001.
Shareholding: -
Share options: 175 (1999), 200,000 (2001), 150,000 (2002A)

Kari Huopalahti > MSc (Eng), born 1947,
Senior Vice President, Corporate Development
Employed by Fortum since 1973.
Shareholding: -
Share options: 85 (1999), 200,000 (2001), 150,000 (2002A)

Tapio Kuula > MSc (Eng), MSc (Econ), born 1957,
President, Power and Heat sector
Employed by Fortum since 1996.
Shareholding: 4,970
Share options: 250 (1999), 200,000 (2001), 200,000 (2002A)

Juha Laaksonen > BSc (Econ), born 1952,
Chief Financial Officer
Employed by Fortum since 1979.
Shareholding: -
Share options: 125 (1999), 200,000 (2001), 250,000 (2002A)

Christian Lundberg > born 1956,
President, Fortum Markets
Employed by Fortum since 2003.
Shareholding: -
Share options: 150,000 (2002A)

Veli-Matti Ropponen > MSc (Eng), BSc (Econ), born 1949, President, Oil sector
Employed by Fortum since 1973.
Shareholding: 4,701
Share options: 250 (1999), 200,000 (2001), 200,000 (2002A)

Carola Teir-Lehtinen > MSc (Chem), born 1952,
Senior Vice President, Corporate Communications
Employed by Fortum since 1986.
Shareholding: 1,970
Share options: 175 (1999), 200,000 (2001), 150,000 (2002A)

SECRETARY TO THE BOARD OF DIRECTORS AND THE CORPORATE EXECUTIVE COMMITTEE:

Harri Pynnä > Master of Laws, born 1956,
General Counsel

Other Management

POWER AND HEAT SECTOR

Tapio Kuula > President

Anders Lehman	Distribution
Bo Lindfors	Gas
Pekka Päätiläinen	Generation
Risto Riekko	Heat
Timo Karttinen	Portfolio Management and Trading
Kim Kronstedt	Service
Åke Pettersson	Värme

OIL SECTOR

Veli-Matti Ropponen > President

Hans-Kristian Rød	Exploration and Production
Risto Rinne	Oil Refining
Matti Peitso	Oil Retail
Jukka Laaksovirta	Shipping

MARKETS

Christian Lundberg > President

CORPORATE STAFF

Carola Teir-Lehtinen	Communications
Kari Huopalahti	Corporate Development
Arja Koski	Environment, Health and Safety
Juha Laaksonen	Finance
Mikael Frisk	Human Resources
Kaj Lindström	Internal Audit
Harri Pynnä	Legal Affairs

From left to right:
Mikael Frisk, Christian Lundberg, Juha Laaksonen, Harri Pynnä, Tapio Kuula, Carola Teir-Lehtinen, Mikael Lilius, Veli-Matti Ropponen and Kari Huopalahti.

› Board of Directors' Report

During the first half of 2002, Fortum implemented its strategic agenda through major restructuring. Key acquisitions as well as several major divestments in non-core areas were concluded in this period. The single most important transaction was the acquisition in February of the remaining 50% of the former Birka Energi AB, renamed Fortum Power and Heat AB, which strengthened Fortum's market position in the Nordic area. The process to combine the two power and heat businesses started immediately and the new pan-Nordic organisation became effective on 1 July.

During the second half of the year, Fortum focused on delivering on the targets set for the Birka Energi transaction. Progress has been good and the synergy benefits are to exceed the set target of EUR 100 million. To further restructure the Group in line with the strategic agenda, the agreement on the divestiture of the Norwegian oil exploration and production assets was signed and the power plant engineering business was reorganised. The fourth quarter was characterised by cold weather and high market prices, and the performance of all major businesses was quite satisfying. Fortum continued to concentrate on cash flow and net debt was further decreased. By year-end, the company's gearing stood at 80%. Taking into account the disposal of the Norwegian E&P assets the pro forma gearing was at the company´s target level, under 70%.

In January 2003, Fortum agreed with E.ON AG on a power asset swap. The transactions will substantially strengthen Fortum´s position in its focus area, the Nordic countries and the rest of the Baltic Rim.

› Net sales and results

Group net sales stood at EUR 11,148 million (EUR 10,410 million in 2001). The acquisition of the former Birka Energi coupled with higher market prices pushed up the net sales of the Group's power and heat businesses. The average price of crude oil was slightly up on the previous year, and the net sales of the Group's oil businesses were at the same level as a year earlier. Towards the end of the year, prices of both oil and electricity increased markedly.

NET SALES BY SEGMENT

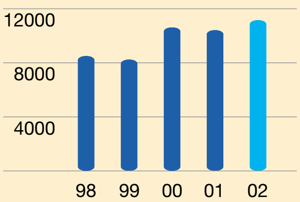
EUR million	2002	2001
Power, Heat and Gas	2,898	2,227
Electricity Distribution	640	473
Fortum Energy Solutions	664	603
Oil Refining and Marketing	7,195	7,223
Oil and Gas Upstream	391	408
Other operations	64	95
Internal invoicing	-704	-619
Group	11,148	10,410

Group operating profit totalled EUR 1,289 (914) million. The operating profit excluding non-recurring items, EUR 974 (890) million, improved by EUR 84 million on the yearly basis. During the fourth quarter, the improvement in 2002 was EUR 193 million on the corresponding period in 2001. The net amount of non-recurring items was EUR 315 (24) million.

Total electricity and heat sales volumes rose but the comparable volumes were down on the previous year mainly due to lower demand for industrial electricity and the exceptionally warm weather conditions during the first three quarters of the year. However, during the last quarter, the electricity volumes rose and there was a significant improvement in the results for the Power, Heat and Gas segment.

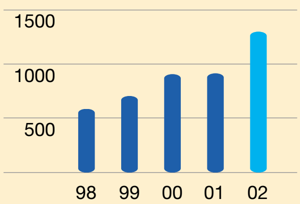
NET SALES

› EUR mill.



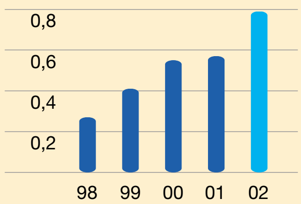
OPERATING PROFIT

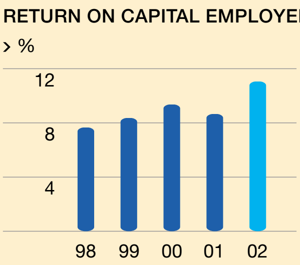
› EUR mill.

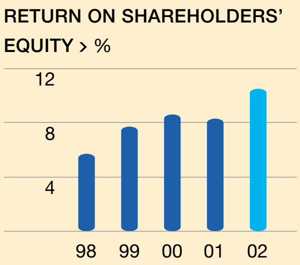


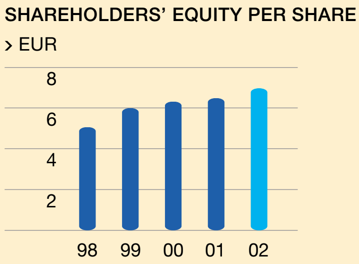
EARNINGS PER SHARE

› EUR









The comparable volumes of electricity transmitted in local distribution networks increased and the results for Electricity Distribution were clearly up on the previous year.

The results for Fortum Energy Solutions improved significantly on the previous year.

A restructuring charge of EUR 20 million was included in the fourth quarter results relating to the Birka Energi acquisition.

Lower international refining margins affected the results of Oil Refining and Marketing, but the decrease was offset by inventory gains of EUR 57 (-79) million. Deliveries of petroleum products refined by Fortum increased and the performance of the oil retail business improved compared to the corresponding figures in 2001. Shipping's performance was depressed by low freight rates, which, however, started to increase sharply towards the end of the year. The MTBE plant in Canada was closed for conversion to iso-octane for three months, which had a substantial negative effect on the results of the gasoline component business.

Owing to increased production volumes in Norway and the gains from the sale of the Omani oil production interests, the results of Oil and Gas Upstream were somewhat up on the previous year despite lower market prices for gas and the divestiture of the Omani assets.

OPERATING PROFIT BY SEGMENT

EUR million	2002	2001
Power, Heat and Gas	560	367
Electricity Distribution	279	135
Fortum Energy Solutions	37	13
Oil Refining and Marketing	259	242
Oil and Gas Upstream	213	196
Other operations	-64	-40
Eliminations	5	1
Group	1,289	914

Profit before taxes was EUR 1,008 (702) million.

The Group´s net financial expenses were EUR 281 (212) million.

Minority interests accounted for EUR 73 (83) million of the results for the period. These minority interests were mainly attributable to the preference shares issued by Fortum Capital Ltd in 2000 and to Fortum Värme Holding, in which the City of Stockholm has a 50% economic interest.

Taxes for the period totalled EUR 269 (160) million. A tax charge of EUR 70 million incurred in the fourth quarter due to the divestiture of the Norwegian exploration and production assets.

Net profit for the period was EUR 666 (459) million. Earnings per share were EUR 0.79 (0.57). Return on capital employed was 11.1% (8.7%) and return on shareholders' equity was 10.5% (8.3%).

As from 1 March 2002, the former Birka Energi has been 100% consolidated into Fortum's figures. Until then, it had been consolidated using the proportionate method on the basis of 50% ownership.

> Segment reviews

POWER, HEAT AND GAS

Electricity market prices were low during the first eight months of the year but increased sharply towards the end of the year. The full-year average price of electricity on the Nordic power exchange (Nord Pool) was EUR 26.9 (23.1 in 2001) per megawatt-hour (MWh), about 16% higher than in 2001. The rise in the market price of electricity also led to increases in the electricity retail price. Electricity consumption in the Nordic countries decreased by 1.8% to 386 TWh. In Finland, there was an increase in electricity consumption of approximately 2.6% while in Sweden, there was a 1.4% decrease.

Fortum´s electricity sales in the Nordic countries in 2002 amounted to 54.5 (47.1) TWh. Sales in other countries were 4.5 (6.6) TWh. Fortum´s sales represented approximately 14% (12%) of the total Nordic electricity consumption in 2002. The average price of electricity sold by Fortum in the Nordic countries was up approximately 10% on the previous year.

Fortum´s electricity generating capacity in the Nordic countries was 11,091 (9,149) MW at the end of the year, while its total capacity was 11,347 (10,223) MW. In the Nordic countries Fortum generated 46.5 (41.0) TWh of electricity, or 12% (11%) of the electricity generated in this market. Hydropower accounted for 18.1 (17.0) TWh, or 39% (41%), and nuclear power some 22.0 (18.7) TWh, or 47% (46%), of Fortum's own power generation, while the share of thermal power was 14% (13%).

Fortum's sales of heat in the Nordic countries were 18.1 (15.6) TWh.

During the period from March to December the effect of Birka Energi´s change of ownership on electricity sales and heat volumes was 9.6 TWh and 3.5 TWh respectively.

ELECTRICITY DISTRIBUTION

The integration of the distribution operations of Swedish Birka Energi and the Finnish Uudenmaan Sähköverkko was completed in 2002. In Sweden, the first steps were taken towards the creation of a unified price structure.

The volume of distribution and regional network transmissions totalled 21.2 (15.0) TWh and 20.6 (16.7) TWh respectively. Electricity transmissions via the regional distribution network to customers outside the Group totalled 14.3 (8.4) TWh in Sweden and 6.3 (8.2) TWh in Finland.

The Birka Energi acquisition accounts for a 6.4 TWh increase in the volumes transmitted via the distribution networks.

FORTUM ENERGY SOLUTIONS

During the year, reorganisation of the unit continued. The restructuring of the power plant engineering business was completed and the shares of Fortum Engineering were sold in January 2003 to Enprima, a new company partly owned by Fortum.

Following the restructuring of the power plant engineering business, the name of the unit was changed to Fortum Service.

The maintenance function expanded its operations to a new customer segment, the chemical industry. Several new maintenance and refurbishment contracts in power plants as well as substation maintenance contracts were secured both in Finland and in Sweden.

OIL REFINING AND MARKETING

The international refining margin in north-western Europe (Brent Complex) was considerably lower than in 2001. The average refining margin for the year was USD 1.0 /bbl (USD 1.9/bbl in 2001). Fortum's premium margin remained strong at about USD 2.0/bbl above the international reference margin.

The price of crude oil fluctuated between USD 20/bbl at the beginning of the year and USD 31/bbl at the end of the year. As a result, inventory gains were EUR 57 (-79) million.

In March 2002, a new unit for producing sulphur-free gasoline at the Naantali refinery was commissioned. As a result of the investments made in 2001 and 2002, Fortum's refineries are now fully converted to production of sulphur-free traffic fuels.

In August, Fortum started production of ethanol-based gasoline at the Porvoo refinery.

The MTBE production plant in Edmonton, Canada, in which Fortum has a 50% holding, was converted into an iso-octane facility. The plant is the first in the world to begin production of iso-octane after conversion. The first deliveries took place in November. All of the iso-octane production at the plant is sold to the Californian market.

The recession in the shipping freight market started in late 2001 and continued into 2002. However, towards the end of the year, there was a significant increase in the freight volumes carried by the safer double-hulled vessels. This trend had a positive impact on Fortum's shipping business.

Fortum's share of the wholesale market for petroleum products in Finland was about 75% (75%) or 8.0 (7.8) million tonnes, and its share of the retail market was about 39% (40%) or 3.9 (3.8) million tonnes.

Exports from Finland of petroleum products refined by Fortum totalled 5.2 (4.9) million tonnes. Of this, 2.8 million tonnes was motor gasoline and 1.9 million tonnes diesel fuel. Half of the motor gasoline was exported to the European market. Of this, 90% was low-sulphur (sulphur content below 50 ppm) or sulphur-free (sulphur content below 10 ppm). The main markets for sulphur-free gasoline were Germany, the USA and Canada. All diesel exports were low-sulphur or sulphur-free. The main markets for diesel fuel were Sweden, the Netherlands and Germany.

OIL AND GAS UPSTREAM

In 2002, Fortum divested its oil field assets in Oman and signed an agreement to divest its assets in Norway. The production in Oman is not included in the segment's figures in 2002. Investments in Russian oil and gas fields continued according to plan.

In 2002, Fortum's oil and gas production amounted to 40,800 (40,200) boepd. This was equivalent to an annual output of about 2.0 (2.0) million oil-equivalent tonnes. Natural gas accounted for approximately 28% (18%) of production. The increased natural gas production in Norway offset the fall in output resulting from the divestment in Oman.

The average price of North Sea light Brent crude oil was USD 25.0/bbl (USD 24.4/bbl in 2001). The average price of crude oil sold by Fortum was USD 25.5/bbl (23.7/bbl), and the corresponding equivalent price of gas was USD 17.6/bbl (19.0/bbl).

The start of oil exploration and production in the South Shapkino oil field in Russia is scheduled for late 2003. The reserves of the South Shapkino oil field, which is 50% owned by Fortum and the Russian company Lukoil, have been estimated at 164 million barrels (over 20 million tonnes).

FORTUM MARKETS

The Fortum Markets unit focuses on retail sale of electricity and oil products as well as related services. The unit has some 1.3 million business and private customers. In 2002, emphasis was on improving the quality of service through the development of a cost-effective, customer-oriented approach. The provision of competitive products and services to improve customer satisfaction will continue to be a priority.

The figures for Fortum Markets are included in the figures for Power, Heat and Gas and for Oil Refining and Marketing. The result of retail sales of electricity was slightly negative.

› Investments

Investments in fixed assets during the year totalled EUR 4,381 (713) million. The increase was due to the acquisition of 50% of the Swedish energy company Birka Energi's shares. The deal was completed in February 2002. In May, Fortum consolidated its Nordic position further by acquiring the remaining 50% share in the Finnish Elnova Group with its electricity retail sales and distribution businesses.

The modernisation and expansion of a CHP-plant in the Stockholm area started in the autumn. The investment will create additional capacity and shift the emphasis of the fuel mix towards recycled fuels (mainly municipal waste). Annually, the new boiler will replace 70,000 tonnes of fuel oil with recycled fuel.

Shares were acquired in some small heating companies in the Baltic Rim area.

In March, a new unit for producing sulphur-free gasoline at the Naantali refinery was commissioned. At the Porvoo refinery, the first pilot plant for liquefied wood fuel in the Nordic countries began production in May and the production of ethanol-based 98-octane gasoline was started in August. Production of the flow-improving additive (FIA) begun during the first half of the year.

The MTBE production plant in Edmonton, Canada, in which Fortum has a 50% holding, was converted into an iso-octane facility. Production was gradually phased in during the last quarter of the year.

The tanker fleet renewal continued, new Neste stations were opened in the Baltic Rim countries and Russia. The investment to start oil production in Russia continued according to plan.

› Divestments

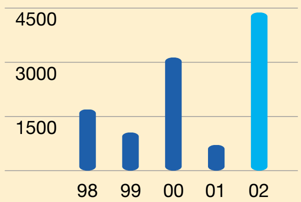
In line with its strategy, Fortum sold its shares in Fortum Energie GmbH and the Afferde combined heat and power plant in Germany, the Regional Power Generators Limited in the U.K, the Thai subsidiary Laem Chabang Power Company Limited, as well as its shareholding in Espoon Sähkö Oyj in Finland.

The restructuring of the power plant engineering business was completed in January 2003.

In February 2002, Fortum divested its interests in the oil fields in Oman. The deal was completed in June. The Norwegian oil and gas reserves were sold in November. The parties have received all necessary approvals and the transaction will be finalised in early March 2003.

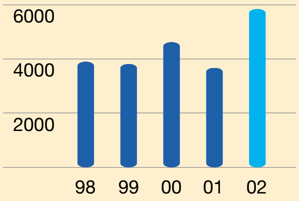
Minor divestments include diesel stations in Sweden, real estates and ships.

INVESTMENTS
› EUR mill.



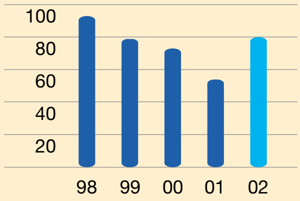
INTEREST-BEARING NET DEBT

› EUR mill.



GEARING

› %



› Financing

In early 2002, Fortum's net debt increased substantially following the acquisition of Birka Energi. During the year, however, net debt was reduced considerably. Year-end net debt stood at EUR 5.848 million (EUR 3,674 million in 2001) and gearing was 80% (54%). The Group's net financing expenses for 2002 were EUR 281 (212) million.

In October 2002, Fortum applied to two leading international credit rating agencies for corporate long-term credit ratings. Standard & Poor's assigned Fortum Oyj a BBB+ (stable) rating while Moody's rated it Baa2 (positive). At the same time, they confirmed the long-term credit rating of Fortum Power and Heat AB (formerly Birka Energi AB) as BBB+ and Baa1 (stable).

Fortum did not conclude any new significant long-term financing arrangements in 2002. A large proportion of the EUR 1.2 billion loan taken out in February 2002 to finance the Birka deal was paid off during the year using proceeds from the disposal of assets and in January 2003, the remaining part of the loan was paid off in full.

Group liquidity remained good. Year-end cash and marketable securities totalled EUR 592 million. In addition, the Group had a total of approximately EUR 1,772 million in undrawn syndicated credit facilities. Of this, approximately EUR 700 million short-term facilities were signed in December. Also in December, Fortum Oyj concluded agreements for a commercial paper programme worth SEK 5,000 million, which, together with the Finnish programme worth EUR 500 million, will cover the Group's short-term financing needs.

The average interest rate of loans after hedging was 5.2% at year end.

› Research and Development

Investment in research and development totalled EUR 38 (53) million. R & D includes planning, construction and operation of pilot plants as well as test marketing of new products during the experimental production stage. The existing R&D portfolio continued to be focused in line with the new Group strategy. During the year, a corporate-level process was started for identification of new growth and renewal initiatives and related competences.

› Environmental issues

Fortum's latest acquisitions, which are part of its Nordic business strategy, have secured the group additional renewable and carbon-dioxide-free electricity generating capacity. Fortum's production structure will prove extremely competitive once the EU's climate-related programmes are fully implemented. During the year under review, Fortum made considerable progress in its preparations for the EU directive on emissions trading. The directive is due to be completed during 2003. Fortum supports the market-led approach proposed in the directive, which, while not compromising on the climate targets, does allow flexibility in meeting them.

Fortum increased its holding in the World Bank's Prototype Carbon Fund (PCF) from USD 5 million to USD 6 million. The emission reductions resulting from the first PCF projects were already evident in 2002 and shareholders will receive the corresponding verified emission reduction credits in 2003. Fortum is also actively involved in developing the European Renewable Energy Certificate System (RECS) and is gearing up to the introduction of the Swedish certificate system.

Fortum is in a strong position as a producer of clean traffic fuels. The Porvoo and Naantali refineries have increased their capacity to produce low-sulphur traffic fuels. During 2002, Fortum started production of bioethanol-based gasoline for the Finnish market. Fortum's fleet was increased with the addition of two crude oil tankers. These state-of-the-art ice-breaking vessels are used for safe oil transportation also in difficult winter conditions.

Occupational safety has been a priority issue throughout the year. Injuries at work were down by 25%, compared to 2001, and the lost workday injury frequency (LWIF) was 8.8 (12.2). Fortum´s target for 2003 is 6.4.

› Shares and share capital

Trading of 6,159,300 warrants relating to Fortum Corporation's 1999 bond loan with warrants issued to employees started on 17 May 2002. A total of 148,380 shares were subscribed for and entered into the trade register by the end of 2002. Trading of 11,768 warrants relating to Fortum Corporation's 1999 share option programme for key employees started 1 October 2002. A total of 3,000 shares were subscribed for and entered into the trade register by the end of 2002.

After the increase, Fortum Corporation´s share capital is EUR 2,875,583,847 and the total number of shares is 845,759,955. Fortum Corporation's share capital increased by a total of EUR 514,692.

In June, the Finnish State´s holding in Fortum decreased to 60.8% following an international sales of shares. The proportion of international shareholders nearly doubled and stood at 20.3% at the end of December.

A total of 251.2 million shares were traded for a total of EUR 1,475 million during 2002. The highest quotation was EUR 6.52 (3 May), the lowest EUR 4.75 (2 January), and the average quotation EUR 5.87. The closing quotation on 30 December was EUR 6.25.

› Share option programmes for key employees

Fortum currently has two share option programmes not yet exercisable, issued in 2001 and 2002 respectively. At the end of 2002, both option schemes covered some 350 persons.

The 2001 Annual General Meeting had approved a share option programme for key employees. The programme comprised 24 million option rights, which entitled to subscribe for a maximum of 24 million Fortum Corporation shares. The 2002 Annual General Meeting cancelled a total of 10,737,500 share options belonging to this share option programme. The programme now comprises 13,262,500 option rights, which entitle to subscribe for a maximum of 13,262,500 Fortum Corporation shares. The proportion of shares subscribed under this share option scheme is a maximum of 1.3% of Fortum´s present share capital and voting rights. 5,475,000 share options are exercisable from 1 October 2005 through 1 May 2007 and 7,787,500 share options from 15 January 2006 through 1 May 2007. As a result of subscriptions made as part of this share option programme, Fortum´s share capital may rise, in total, by a maximum of EUR 45.1 million.

The 2002 Annual General Meeting approved a share option programme for key employees. The programme comprises 25 million option rights, which entitle to subscribe for a maximum of 25 million Fortum Corporation shares. The proportion of shares subscribed under this share option scheme is a maximum of 3.0% of Fortum´s present share capital and voting rights. Half of the share options are exercisable from 1 October 2004 through 1 May 2007 and the other half from 1 October 2006 through 1 May 2009. As a result of subscriptions made as part of this share option programme, Fortum´s share capital may rise, in total, by a maximum of EUR 85.0 million.

› Personnel

In 2002, Fortum Group employed an average of 14,053 (14,803) people. The divestment of Transmission Engineering in 2001 together with the major part of the German power businesses in 2002 accounted for most of the decrease. By contrast, the acquisition of the remaining 50% of Birka Energi increased the number of personnel by 1,758. At the end of the year, number of employees totalled 13,670 (13,425). The number of employees in the parent company Fortum Corporation at year end totalled 310 (340) people.

› Corporate Governance and Group Management

On 26 March 2002, Leena Luhtanen and Ben Zyskowicz were elected by the Annual General Meeting as Chairman and Deputy Chairman of the Supervisory Board respectively. The other members appointed were Henrik Aminoff, Tuija Brax, Kaarina Dromberg, Klaus Hellberg, Rakel Hiltunen, Harri Holkeri, Jorma Huuhtanen, Mikko Immonen, Kimmo Kalela, Tanja Karpela and Matti Vanhanen.

Kaarina Dromberg resigned from the Supervisory Board on June 6, 2002 following her appointment as a member of the Council of State.

In 2002, the members of Fortum's Board of Directors were Matti Vuoria (Chairman), Heikki Pentti (Deputy Chairman), Birgitta Kantola, Lasse Kurkilahti, Antti Lagerroos, Hans von Uthmann and Erkki Virtanen. The same persons were elected members of the Board of Directors for 2003.

The companies of the Group were audited by PricewaterhouseCoopers Oy, with Pekka Kaasalainen, authorised public accountant, having the principal responsibility.

Mr Christian Lundberg was appointed to head Fortum Markets and member of the Corporate Executive Committee as of 1 February 2003.

› Events after the review period

On 31 January 2003, Fortum and E.ON AG agreed on an asset swap with an aggregate value of EUR 770 million. The value of assets to be acquired by Fortum is EUR 460 million. The value of assets to be sold is EUR 310 million, leading to a balancing consideration of EUR 150 million. The transactions will substantially strengthen Fortum´s position in its focus area, the Nordic countries and the rest of the Baltic Rim.

Fortum is to acquire 21.4% of the shares in Hafslund ASA, the second biggest electricity company in Norway with 600,000 electricity sales customers, 550,000 distribution customers and about 3 TWh of hydropower production. In addition, Fortum is to acquire all the shares in Ostfold Energi Nett AS, Ostfold Energi Kraftsalg AS and Ostfold Energi Entreprenor AS with a total of 95,000 electricity sales and distribution customers, and 49% of Fredrikstads Energi AS with 80,000 customers. The Norwegian acquisitions also include some other minority holdings.

Fortum will acquire a further 9.5% of the shares in AO Lenenergo, the largest utility company in north-western Russia with some 1.3 million electricity customers and a production capacity of 14 TWh of electricity and 26.3 TWh of heat. As a result, Fortum´s share in Lenenergo will rise to 15.9%.

As part of the deal, Fortum will sell its power plants in Burghausen, Germany and Edenderry, Ireland to E.ON. E.ON will also acquire the shares and business of an electricity distribution company in southern Sweden with some 43,000 customers.

› Outlook

The key market drivers influencing Fortum´s performance are the market price of electricity and the international oil refining margin. Other important market drivers are the price of crude oil, the exchange rates of the US dollar and the Swedish krona.

According to general market information, electricity consumption in the Nordic countries is predicted to increase by about 1–2% each year over the next couple of years. During 2002, the average spot price for electricity was EUR 26.9 per megawatt-hour on the Nordic electricity market, or 16% higher than the corresponding figure in 2001. In January 2003, the spot price has been averaging EUR 71.7 per megawatt-hour. At the end of January, the hydro reservoirs in the Nordic countries were approximately 25 TWh below average. The 31 January electricity forwards indicated a return to more moderate price levels.

The synergy benefits generated by the creation of a pan-Nordic power and heat business following the acquisition of the remaining 50% of the former Birka Energi are to exceed the target of EUR 100 million a year as of 2004.

In 2002, the international refining margin in north-western Europe (Brent Complex) was considerably lower than in 2001 and averaged USD 1.0/bbl (USD 1.9/bbl in 2001). During the fourth quarter, it averaged USD 1.9/bbl (USD 0.9/bbl). In January 2003, the international refining margin averaged USD 1.6/bbl. For several years, the international Brent Complex refining margin has averaged USD 1.5–2.0/bbl. Management expects Fortum's premium margin to remain at the strong levels of previous years. During 2003, the refining volumes are expected to be normal with no major maintenance shutdowns planned.

The average price for Brent crude oil was USD 25.0/bbl in 2002. In January 2003, the price has been averaging USD 31.3/bbl while the International Petroleum Exchange's Brent futures for the remainder of 2003 were on average USD 28.4/bbl in January. The price of crude oil has an impact on the results of Oil Refining and Marketing through inventory gains and losses.

Due to the divestitures of the oil and gas production assets in Oman and Norway, there will be no own production in the first half of 2003. Preparations for the start of oil production in late 2003 at the South Shapkino oil field in north-western Russia are continuing as planned.

In 2002, the average euro exchange rates against the US dollar and the Swedish krona were 0.9419 and 9.1442 respectively. At the end of December, the exchange rates were 1.0487 and 9.1528 respectively.

The last few years were characterised by major restructuring. By February 2003, Fortum had agreed on transactions covering strategically important assets worth EUR 6.5 billion and divested non-core assets worth EUR 2.5 billion. Fortum will now focus on achieving the targets set, delivering a strong cash flow and controlling the balance sheet.

› Consolidated Income Statement

EUR million	Note	2002	2001
Net sales	2,3,4	11,148	10,410
Share of profits of associated companies	5	31	36
Other operating income	6	370	203
Operating expenses			
Change in product inventories		-23	-136
Materials and services		-7,968	-7,596
Personnel expenses		-757	-683
Depreciation, amortisation and write-downs	7	-694	-623
Other operating expenses	8	-818	-697
Operating profit		1,289	914
Financial income and expenses	9	-281	-212
Profit before taxes		1,008	702
Income taxes	10,21	-269	-160
Minority interests		-73	-83
Net profit for the period		666	459
Earnings per share			
Basic earnings per share, EUR		0.79	0.57
Diluted earnings per share, EUR		0.78	0.57

› Consolidated Balance Sheet

EUR million	Note	2002	2001
ASSETS			
Fixed assets and other long-term investments	11,12,13		
Intangible assets		166	382
Tangible assets		12,712	9,439
Other long-term investments		1,959	1,552
		14,837	11,373
Current assets			
Inventories	14	504	598
Trade receivables		1,289	1,110
Long-term receivables	15	37	54
Short-term receivables	16	701	557
Investments	18	1	156
Cash and cash equivalents		591	446
		3,123	2,921
		17,960	14,294
SHAREHOLDER'S EQUITY AND LIABILITIES			
Shareholders' equity	19		
Share capital		2,876	2,875
Share premium		62	61
Reserve fund		149	46
Retained earnings		2,143	2,044
Net profit for the period		666	459
		5,896	5,485
Minority interests		1,432	1,270
Provisions for liabilities and charges	20	133	144
Deferred tax liabilities	21	1,866	1,122
Liabilities	22,23		
Long-term liabilities			
Interest-bearing		4,306	3,099
Interest-free		393	417
		4,699	3,516
Short-term liabilities			
Interest-bearing		2,134	1,177
Interest-free		1,800	1,580
		3,934	2,757
		17,960	14,294

› Consolidated Cash Flow Statement

EUR million	2002	2001
Operating activities		
Profit before extraordinary items	1,008	702
Depreciation, amortisation and write-downs	694	623
Other non-cash flow income and expenses	-49	-91
Financial income and expenses	281	212
Divesting activities, net	-289	-122
Operating profit before change in working capital	1,645	1,324
Change in working capital		
Decrease (+)/increase (-) in interest-free trade and other short-term receivables	-225	-31
Decrease (+)/increase (-) in inventories	104	117
Decrease (-)/increase (+) in interest-free liabilities	200	5
Change in working capital	79	91
Change in interest-bearing working capital, decrease (+)/increase (-)	9	-3
Funds generated from operations	1,733	1,412
Interest and other financial expenses paid	-381	-254
Dividends received	26	34
Interest and other financial income	72	57
Income taxes paid	-194	-178
Realised foreign exchange gains and losses	95	74
Financial items and taxes total	-382	-267
Net cash from operating activities	1,351	1,145
Investing activities		
Capital expenditures	-649	-657
Proceeds from sales of fixed assets	120	135
Acquisition of shares in subsidiaries	-1,762	-5
Investments in shares in associated companies	-8	-42
Investments in other shares	-1	-4
Proceeds from sales of shares in subsidiaries	734	16
Proceeds from sales of shares in associated companies	148	261
Proceeds from sales of other shares	7	26
Change in other investments, increase (-), decrease (+)	33	-31
Cash flow from investing activities	-1,378	-301
Cash flow before financing activities	-27	844
Financing activities		
Sales of own shares	-	223
Payment of (-)/proceeds from (+) short-term borrowings	605	-598
Proceeds from long-term liabilities	804	140
Payment of long-term liabilities	-1,200	-185
Dividends paid	-220	-183
Proceeds from issuance of common stock	1	-
Capital investment by minority shareholders, increase (+), decrease (-)	111	-
Other financial activities	-82	-76
Cash flow from financing activities	19	-679
Net increase (+)/decrease (-) in cash and marketable securities	-8	165
Cash and marketable securities at the beginning of the period	602	437
Foreign exchange adjustment	-2	-
	600	437
Cash and marketable securities at the end of the period	592	602
Net increase (+)/decrease (-) in cash and marketable securities	-8	165

› Notes to the Financial Statements

1.Accounting policies and principles

Fortum's financial statements are prepared in accordance with Finnish GAAP.

CONSOLIDATION

The consolidated financial statements include the parent company Fortum Corporation and all those companies in which Fortum Corporation holds, directly or indirectly, more than 50% of the voting rights except for certain housing companies, which are immaterial for giving a true and fair view of the results and financial position of the Group.

Fortum Corporation's consolidated financial statements have been prepared using the pooling-of-interests method. The acquisition cost of Fortum Power and Heat and Fortum Oil and Gas has been eliminated against the share capital of the companies. The difference has been entered as a decrease in shareholders' equity. The financial statements of Fortum Power and Heat and Fortum Oil and Gas have been consolidated according to the acquisition-cost method. In eliminating mutual share-holdings, the balance sheet entry for the acquisition costs of the subsidiaries' shares has been reduced by the value of Fortum's holding in the company at the acquisition date including the value of untaxed provisions less deferred tax liabilities. The difference between the acquisition cost of subsidiaries and shareholders' equity at the time of acquisition, arising from the elimination of mutual shareholdings, has been allocated to fixed assets at the time of acquisition to the extent that their fair value at the time exceeded the book value. The rest of the difference is entered as goodwill on consolidation. Items allocated to fixed assets are depreciated according to the depreciation plan of the underlying asset. Goodwill on consolidation is amortised over its estimated lifetime subject to a maximum of 20 years.

Subsidiaries acquired during the year are consolidated from the date of acquisition. Likewise, the subsidiaries divested during the accounting period are included in the consolidated accounts until the date of divestment.

Intergroup transactions, receivables, liabilities, unrealised profits and internal profit sharing have been eliminated. Minority interests have been reported separately in the income statement and the balance sheet.

Associated companies material to Fortum, in which the Group holds between 20% and 50% of the voting rights, have been consolidated using the equity method. Accordingly, the company's share of the net profit of an associated company and its share of other changes in the equity, less depreciation on goodwill on consolidation, is entered as income in the income statement and added to the value of the shares in the consolidated balance sheet. Dividends received are deducted from the balance sheet value of the shares.

NET SALES

Net sales include sales revenues from actual operations and exchange rate differences on trade receivables, less discounts, indirect taxes such as value-added tax and excise tax payable by the manufacturer and statutory stockpiling fees.

Trading sales include the value of physical deliveries and the net result of derivative contracts. The net sales of the gas trading operation is the net figure from buying and selling.

OTHER OPERATING INCOME

Other operating income includes gains on the sales of fixed assets, as well as all other operating income not related to the sales of products or services, such as rents.

FOREIGN CURRENCY ITEMS

Transactions denominated in foreign currencies have been valued using the exchange rate at the date of the transaction. Receivables and liabilities denominated in foreign currencies outstanding on the balance sheet date have been valued using the exchange rate quoted on the balance sheet date. Exchange rate differences have been entered in the income statement. Net conversion differences relating to financing have been entered under financial income or expenses.

The income statements of companies outside Finland have been translated into euros using an annual average exchange rate based on month-end exchange rates, while the balance sheets have been translated employing the exchange rate on the balance sheet date. The resulting translation differences have been netted against the translation differences arising from the contracts hedging net investments in foreign subsidiaries and entered under non-restricted equity.

DERIVATIVE INSTRUMENTS

Fortum enters into derivative financial instruments such as forward contracts, options, and currency swaps to hedge its exposure to fluctuations in foreign exchange rates. Derivatives used to hedge loans or receivables in the balance sheet and any other derivative contracts included in the net position are valued employing the exchange rate quoted on the balance sheet date, and the foreign exchange gains or losses are recognised in the income statement. Loans and related currency swaps have been netted in the balance sheet. Foreign exchange gains or losses on derivatives that hedge future cash flow are recognised once the underlying income or expense occurs.

The interest element relating to derivatives is accrued as interest income or expense over the period to maturity. Interest income or expense for derivatives used to manage exposure to interest rate risk is accrued over the period to maturity and is recognised as an adjustment to the interest income or expense of the underlying liability or transaction. Losses on interest rate derivatives used for purposes other than hedging are valued at the interest rate on the balance sheet date and entered as an expense in the income statement.

Fortum also trades in commodity derivatives. The contracts are marked to market at the balance sheet date and any losses on contracts entered into for other than hedging purposes are entered as an expense in the income statement. Gains or losses on derivatives used for hedging purposes are recognised as income or an expense once the underlying income or expense occurs.

The difference between the premium paid or received on financial and commodity options and the closing price of the option on the balance sheet date is entered in the income statement. However, revenue is only recognised up to the amount of expenses charged for the underlying transaction. Option premiums are treated as advances paid or received until the options mature or lapse.

SALES AND PROCUREMENT CONTRACTS

Possible losses on sales and procurement contracts have been estimated and expensed when the purchase price is higher than the estimated sales price.

FIXED ASSETS AND DEPRECIATION

The balance sheet value of fixed assets consists of historical costs less depreciation and other deductions, plus any revaluation permitted by local regulations. The differences between fair values and book values at the time of the acquisition and the related deferred tax liabilities have been allocated to fixed assets. Some foreign companies have also included capitalised interest charges in addition to the historical cost of the fixed assets.

Fixed assets are depreciated using straight-line depreciation based on the expected useful life of the asset. Depreciation on oil, gas and peat reserves and production equipment is calculated using the unit-of-production method.

The depreciation is based on the following expected useful lives	
Hydro-electric power plant buildings, structures and machinery	40–50 years
Other power plant buildings, structures and machinery	25 years
Substation buildings, structures and machinery	30–40 years
Transmission lines	15–40 years
Other buildings and structures	20–40 years
Other tangible assets	20–40 years
Other machinery and equipment	5–20 years
Other long-term investments	5–10 years

Oil and gas reserves are valued by field on the basis of future cash flows in line with the practice of the country concerned. If required, the balance sheet value of capitalised expenditure is reduced by additional depreciation.

FINANCE LEASES

In the consolidated financial statements, properties acquired through finance-lease agreements have been recognised as assets and interest-bearing liabilities in the balance sheet. Lease payments are entered as depreciation on fixed assets and interest expenses on debt and instalments of the liability.

INVESTMENTS

Interest-bearing net debt of acquired companies has been included in investments.

INVENTORIES

Inventories have been valued according to the FIFO principle at the lower of direct acquisition cost or market value, taking into account the impact of possible hedging operations. In the case of some foreign subsidiaries, the acquisition cost also includes indirect expenses in line with the practice of the country concerned. Valuation differences do not have a material impact on the consolidated financial statements.

NET ASSETS

Net assets of the business segments include fixed assets, shares and working capital allocated to the business segments. Fixed assets also include deferred tax liabilities arising from the consolidated acquisition cost.

MARKETABLE SECURITIES

Marketable securities are valued at the lower of acquisition cost or market value.

OIL EXPLORATION EXPENDITURES

Oil exploration expenditures are recorded using the successful efforts method under which all the expenditures of the exploration projects are capitalised and either depreciated according to production or expensed once it has been established that commercially exploitable oil or gas reserves were not discovered.

RESEARCH AND DEVELOPMENT

Research and development expenditures are recorded as annual expenses with the exception of investments in buildings and equipment.

INCOME RECOGNITION OF LONG-TERM PROJECTS

Income from long-term projects is recognised according to percentage of completion. Compulsory provision is made for expected losses from long-term projects, as well as for costs arising during the warranty period.

PENSION EXPENSES

Pension expenses have been recognised in accordance with local regulations in each country. The liabilities on pensions granted by Fortum itself have been entered as a provision in the balance sheet.

EXTRAORDINARY ITEMS

Sales gains or losses and reductions in capital value resulting from withdrawing from a business, or significantly reducing Fortum's presence in a business, have been entered as extraordinary income or expenses.

DEFERRED TAX LIABILITIES

In the consolidated accounts, appropriations have been divided into shareholders' equity and deferred tax liabilities. Deferred tax liabilities and assets have also been calculated on the basis of other timing differences. Deferred tax liabilities are also recorded relating to the fair valuation of fixed assets at acquisition.

PROVISIONS

Foreseeable future expenses and losses that have no corresponding revenue and which Fortum is committed or obliged to settle, and whose monetary value can reasonably be assessed, are entered as expenses in the income statement and included as provisions in the balance sheet. These items include expenses relating to the decommissioning of production platforms, guarantee reserves, expenses relating to the future clean-up of proven environmental damage, and pension liabilities.

EXCHANGE RATES 1998–2002

The table below shows the most important exchange rates used in the financial statements during the years 1998–2002:

EXCHANGE RATES AT THE BALANCE SHEET DATE

	1998	1999	2000	2001	2002
USD	1.1667	1.0046	0.9305	0.8813	1.0487
GBP	0.7055	0.6217	0.6241	0.6085	0.6505
SEK	9.4874	8.5625	8.8313	9.3012	9.1528
NOK	8.8716	8.0765	8.2335	7.9515	7.2756

AVERAGE EXCHANGE RATES OVER THE PERIOD

	1998	1999	2000	2001	2002
USD	1.1102	1.0653	0.9236	0.8939	0.9420
GBP	0.6692	0.6589	0.6087	0.6196	0.6279
SEK	8.8373	8.8281	8.4805	9.2451	9.1442
NOK	8.3731	8.3344	8.1051	8.0532	7.5144

2. Information by segment

EUR mill. 2002	Net sales	Operating profit	Depreciation, amortisation and write-downs	Non-recurring items	Investments	Average number of employees
Power, Heat and Gas	2,898	560	246	91	2,701	2,936
Electricity Distribution	640	279	147	92	1,394	965
Fortum Energy Solutions	664	37	19	26	27	4,948
Oil Refining and Marketing	7,195	259	155	48	177	4,387
Oil and Gas Upstream	391	213	112	54	75	58
Other operations	64	-64	15	4	7	759
Internal invoicing	-704	5	-	-	-	
Total	11,148	1,289	694	315	4,381	14,035

EUR mill. 2001	Net sales	Operating profit	Depreciation, amortisation and write-downs	Non-recurring items	Investments	Average number of employees*)
Power, Heat and Gas	2,227	367	232	62	197	2,920
Electricity Distribution	473	135	121	15	100	954
Fortum Energy Solutions	603	13	18	21	80	5,442
Oil Refining and Marketing	7,223	242	140	-75	224	4,524
Oil and Gas Upstream	408	196	102	-	90	61
Other operations	95	-40	10	1	22	902
Internal invoicing	-619	1	-	-	-	
Total	10,410	914	623	24	713	14,803

*) Average number of personnel in 2001 in companies consolidated using the proportionate method was 3,481 of which included in the Group 1,741.

	2002 Net assets **)	Return on net assets (%)	2001 Net assets **)	Return on net assets (%)
Power, Heat and Gas	8,642	6.9	5,873	6.3
Electricity Distribution	3,200	9.3	2,113	6.2
Fortum Energy Solutions	96	19.7	236	5.5
Oil Refining and Marketing	1,514	16.3	1,688	14.3
Oil and Gas Upstream	934	19.4	1,271	15.4
Other operations	83		154	
Total	14,469		11,335	

**) Net assets include deferred tax liabilities due to the allocated goodwill on consolidation in Power, Heat and Gas segment EUR 502 (175) mill. and in Electricity Distribution EUR 344 (240) million.

> Notes to the Income Statement

EUR mill.	2002	2001

3. Effect on net sales of income recognition from contracts in progress

Net sales from contracts in progress entered as income according to the percentage		
of completion for the period	81	109
for previous periods	196	190
Total	277	299

4. Net sales by market area

Finland	4,035	4,216
Sweden	2,172	1,512
Other Nordic countries	296	255
Other European countries	2,004	1,979
USA and Canada	1,542	1,416
Other international sales	1,099	1,032
Total	11,148	10,410

› Notes to the Income Statement

EUR mill.	2002	2001

5. Share of profits (losses) of associated companies

Nynäs Petroleum Group	4	15
Gasum Group	13	9
Fingrid Oyj	7	6
Other associated companies	7	6
Total	31	36

Undepreciated consolidation differences in connection with associated companies amounted to EUR 430 (132) million.

6. Other operating income

Rental income	18	16
Gains on sales of fixed assets	339	149
Other	13	38
Total	370	203

7. Depreciation, amortisation and write-downs

Depreciation and amortisation according to the plan	668	565
Write-downs on fixed assets	26	58
Total	694	623

8. Other operating expenses

Change in product inventories	23	136
Materials and external services		
Materials and supplies		
Purchases	7,763	7,483
Change in inventories	74	-161
External services	130	274
Personnel expenses		
Wages, salaries and remunerations	614	560
Other indirect employee costs		
Pension costs	95	70
Other indirect employee costs	48	53
Other operating expenses	818	697
Total	9,565	9,112

Salaries and remunerations of managing directors and the members of the Boards

Managing directors and members of the Board	12	9

Pension commitments to corporate management

The executive directors of Fortum Corporation are eligible for retirement at the age of 60. Other Group companies have corresponding arrangements.

Collaterals and other undertakings on Boards' and managing directors' behalf

There are no collaterals or other undertakings given on behalf of the Boards or managing directors'.

Loans receivable from the members of the Boards or the managing directors'

An annuity/constant payment loan for EUR 157 thousand with 5% interest has been issued to Group management. The loan will be amortized twice a year. Last amortization will be made in year 2009.

EUR mill.	2002	2001

9. Financial income and expenses

Income from associated companies	1	1
Income from other long-term investments		
Dividend income	4	4
Interest income	16	15
Other interest income	63	41
Other financial income	2	3
Exchange rate differences	1	-
Write-downs on other long-term investments	-3	-1
Interest expenses	-357	-271
Other financial expenses	-8	-4
Total	-281	-212

10. Income taxes

Taxes on regular business operations	269	160
Taxes on extraordinary items	-	-
Total	269	160
Taxes for the period	218	170
Taxes for previous periods	7	-1
Change in deferred tax assets and liabilities	44	-9
Total	269	160

› Notes to the Balance Sheet

11. Fixed assets and other long-term investments

EUR mill. **Intangible assets**	Intangible rights	Goodwill	Goodwill on consolidation	Negative goodwill on consolidation	Other long-term expenditure	Advances paid	Total
Acquisition cost as of 1 January 2002	66	134	351	-16	204	2	741
Exhange rate differences and other adjustments	-10	-3	-28	-	2	-	-39
Increases	8	-	74	-	21	2	105
Decreases	4	8	259	-12	51	-	310
Transfer between categories	-	-	-	-	7	-	7
Acquisition cost as of 31 December 2002	60	123	138	-4	183	4	504
Accumulated depreciation, amortisation and write-downs as of 1 January 2002	46	102	79	-6	138	-	359
Exhange rate differences and other adjustments	-2	-5	-17	-	-	-	-24
Accumulated depreciation, amortisation and write-downs of decrease and transfers	-10	-6	-32	6	-12	-	-54
Depreciation and amortisation for the period	3	7	27	-3	20	-	54
Write-downs for the period	-	-	3	-	-	-	3
Accumulated depreciation, amortisation and write-downs as of 31 December 2002	37	98	60	-3	146	-	338
Balance sheet value as of 31 December 2002	23	25	78	-1	37	4	166
Balance sheet value as of 31 December 2001	20	32	272	-10	66	2	382

› Notes to the Balance Sheet

EUR mill. **Tangible assets**	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Advances paid and construction in progress	Total
Acquisition cost as of 1 January 2002	2,036	2,473	9,728	607	250	15,094
Exchange rate differences and other adjustments	29	-3	-148	-33	-16	-171
Increases	1,081	602	3,478	189	408	5,758
Decreases	18	159	1,219	173	25	1,594
Transfer between categories	-	26	183	-	-216	-7
Acquisition cost as of 31 December 2002	3,128	2,939	12,022	590	401	19,080
Accumulated depreciation, amortisation and write-downs as of 1 January 2002	50	1,080	4,284	324	-	5,738
Exchange rate differences and other adjustments	1	-17	-85	-27	-	-128
Accumulated depreciation, amortisation and write-downs of decreases and transfers	10	66	135	-13	-	198
Depreciation and amortisation for the period	-	101	482	31	-	614
Write-downs for the period	-	10	12	1	-	23
Accumulated depreciation, amortisation and write-downs as of 31 January 2002	61	1,240	4,828	316	-	6,445
Revaluations	13	62	2	-	-	77
Balance sheet value as of 31 December 2002	3,080	1,761	7,196	274	401	12,712
Balance sheet value as of 31 December 2001	1,999	1,461	5,446	283	250	9,439

EUR mill. **Other long-term investments**	Shares in associated companies	Receivables from associated companies	Other shares and holdings	Other receivables	Total
Acquisition cost as of 1 January 2002	1,044	220	147	47	1,458
Exchange rate differences and other adjustments	-13	1	-7	-2	-21
Increases	241	351	9	153	754
Decreases	125	97	25	72	319
Acquisition cost as of 31 December 2002	1,147	475	124	126	1,872
Accumulated write-downs as of 1 January 2002	4	-	7	-	11
Write-downs for the period	-	-	3	-	3
Reversals of write-downs	-	-	7	-	7
Accumulated write-downs as of 31 December 2002	4	-	3	-	7
Retained earnings in associated companies	66	-	-	-	66
Balance sheet value as of 31 December 2002	1,209	475	121	126	1,931
Balance sheet value as of 31 December 2001	1,099	265	141	47	1,552

The acquisition cost of fixed assets of the companies acquired during the financial year is transferred to the Group's acquisition cost and accumulated depreciation to the Group's accumulated depreciation.

Other shares include EUR 27 (27) million of quoted shares, the market value of which was EUR 19 (26) million. Associated companies include EUR 0 (87) million of quoted shares, the market value of which was EUR 0 (130) million.

12. Capitalised interest expenses

EUR mill.	2002	2001
Buildings and structures	3	5
Machinery and equipment	75	63
Advances paid and construction in progress	2	26
Total	80	94

Capitalised interest expenses were EUR 2 (7) million.

13. Revaluations

EUR mill.	Revaluations as of 1 January	Increases	Decreases	Revaluations as of 31 December
Land areas	13	-	-	13
Buildings	68	-	-6	62
Machinery and equipment	2	-	-	2
Other shares and holdings	1	-	-1	-
	84	-	-7	77

Revaluations are based on current replacement cost.

EUR mill.	2002	2001

14. Inventories

Raw materials and supplies	271	302
Work in progress	77	93
Products/finished goods	123	168
Other inventories	27	30
Advanced paid	6	4
Total	504	598

Difference between replacement value and book value of inventories is EUR 35 million in 2002 (immaterial in 2001).

15. Long-term receivables

Receivables from associated companies		
Other receivables	32	44
Accrued income and prepaid expenses	1	2
Total	33	46
Loans receivable	-	1
Other receivables	2	5
Accrued income and prepaid expenses	2	2
Total	37	54

16. Short-term receivables

Trade receivables	1,281	1,098
Receivables from associated companies		
Trade receivables	8	12
Other receivables	5	6
Accrued income and prepaid expenses	8	5
Total	21	23
Loans receivable	4	8
Other receivables	215	166
Accrued income and prepaid expenses	469	372
Short-term receivables total	1,990	1,667

Short-term accrued income and prepaid expenses

Accrued interests	15	9
Accrued taxes	10	6
Other	452	362
Total	477	377

EUR mill.	2002	2001

17. Treatment of balance sheet items relating to income from projects in progress

All contracts in progress are included in the balance sheet on a project basis. The net amount of advance payments made and accrued income relating to contracts as well as advance payments received and accrued expenses relating to contracts is included in the balance sheet either in accrued income or in accrued expenses separately for each project.

Advance payments for inventories	-	-
Prepayments and accrued income	263	270
Deductions in inventories and financial assets	263	270
Advance payments received	272	270
Accruals	-	-
Deductions in liabilities	272	270

18. Investments

The book value of the financial investments was EUR 1 million in 2002 (EUR 156 million in 2001) and the market value was EUR 1 million in 2002 (EUR 156 million in 2001).

19. Changes in shareholders' equity

Share capital as of 1 January	2,875	2,875
Options exercised	1	-
Share capital as of 31 December	2,876	2,875
Share premium as of 1 January	61	30
Increase in share premium	1	-
Sale of treasury stock	-	31
Share premium as of 31 December	62	61
Reserve fund as of 1 January	46	-
Transfer from unrestricted equity	102	46
Share capital as of 31 December	148	46
Retained earnings as of 1 January	2,503	2,117
Dividends paid	-220	-183
Own shares	-	189
Transfer to restricted equity	-102	-46
Translation differences and other changes	-37	-33
Net profit for the period	666	459
Retained earnings as of 31 December	2,810	2,503
Distributable funds as of 31 December	2,810	2,503

20. Provisions for liabilities and charges

Provisions for pensions	19	19
Other provisions		
Provisions for contracts for differences	-	32
Provisions for a planned refinery maintenance and upgrade shutdown	24	11
Provisions for Exploration & Production	16	16
Other provisions	74	66
Total	133	144

EUR mill.	2002	2001

21. Deferred taxes

Change in deferred taxes		
Appropriations	134	-13
Consolidation entries	-64	-12
Separate financial statements of subsidiaries	-26	16
Total	44	-9
Deferred tax assets		
Consolidation entries	15	-
Separate financial statements of subsidiaries	13	-
Total	28	-
Deferred tax liabilities		
Appropriations	1,001	610
Consolidation entries	869	412
Separate financial statements of subsidiaries	-4	99
Total	1,866	1,121

22. Liabilities

Long-term liabilities		
Bonds	1,935	1,162
Loans from financial institutions	1,174	878
Pension loans	197	336
Advances received	2	2
Other long-term liabilities to associated companies	147	162
Other long-term liabilities	1,244	975
Accruals and deferred income	-	1
Total	4,699	3,516
of which interest-bearing	4,306	3,099
Short-term liabilities		
Bonds	269	478
Convertible bonds	-	4
Loans from financial institutions	1,107	487
Pension loans	8	9
Advances received	46	68
Trade payables	689	579
Liabilities to associated companies		
Advances received	1	7
Trade payables	25	18
Other short-term liabilities	32	8
Accruals and deferred income	5	5
Total	63	38
Other short-term liabilities	1,261	663
Accruals and deferred income	491	431
Short-term liabilities total	3,934	2,757
of which interest-bearing	2,134	1,177
Interest-bearing and interest-free liabilities		
Interest-bearing liabilities	6,440	4,276
Interest-free liabilities	2,193	1,997
Total	8,633	6,273

EUR mill.	2002	2001
Maturity of long-term liabilities		
Year		
2003	994	
2004	561	
2005	903	
2006	884	
2007	390	
2008 and later	1,962	
Total	5,694	
Liabilities due after five years		
Bonds	590	398
Loans from financial institutions	249	311
Pension loans	197	330
Other long-term liabilities	926	1,092
Total	1,962	2,131
Short-term accruals and deferred income		
Accrued interests	118	92
Accrued taxes	12	21
Wages, salaries and other indirect employee costs	135	88
Other short-term accruals and deferred income	231	236
Total	496	437

23. Bonds

Issuing year	Maturity year	2002	2001
Fortum Power and Heat Oy			
1991 USD loan	2002–2011	55	60
1991 USD loan	2011	30	30
1992 USD loan	2002	-	39
1992 USD loan	2005	38	37
1992 USD loan	2007	47	47
Fortum Power and Heat AB			
1999 SEK loan	2002	-	3
1999 SEK loan	2002	-	1
1999 SEK loan	2004	5	3
1999 SEK loan	2004	75	37
1999 SEK loan	2003	16	8
1999 SEK loan	2004	9	4
1999 SEK loan	2004	33	16
1999 SEK loan	2002	-	3
1999 SEK loan	2002	-	4
1999 SEK loan	2005	5	3
1999 SEK loan	2002	-	6
1999 SEK loan	2002	-	4
1999 SEK loan	2002	-	6
1999 SEK loan	2002	-	5
1999 SEK loan	2004	39	19
1999 SEK loan	2004	32	16
1999 SEK loan	2004	11	6
1999 SEK loan	2004	11	6
1999 SEK loan	2004	5	2
1999 SEK loan	2004	11	6
1999 EUR loan	2006	495	249
2000 EUR loan	2005	247	124
2000 EUR loan	2008	20	10
2000 EUR loan	2002	-	5
2000 EUR loan	2007	10	5
2000 GBP loan	2002	-	53
2000 SEK loan	2003	11	5
2000 SEK loan	2003	44	22
2000 SEK loan	2004	11	5
2000 SEK loan	2006	44	21
2000 SEK loan	2003	11	6
2000 SEK loan	2002	-	6
2000 SEK loan	2004	11	5
2000 SEK loan	2003	5	3
2000 SEK loan	2002	-	5
2000 SEK loan	2008	22	11
2000 SEK loan	2002	-	5
2000 SEK loan	2002	-	3
2000 SEK loan	2003	11	5
2000 SEK loan	2003	22	11
2000 SEK loan	2003	11	5
2000 SEK loan	2003	5	3
2000 SEK loan	2003	11	5
2000 SEK loan	2003	22	11
2000 SEK loan	2003	5	3
2000 SEK loan	2003	5	3
2000 SEK loan	2003	5	3
2000 SEK loan	2004	11	5
2000 SEK loan	2002	-	5
2000 SEK loan	2002	-	2
2000 SEK loan	2002	-	27
2000 SEK loan	2002	-	11
2000 USD loan	2003	10	6
2001 SEK loan	2008	492	249
Fortum Generation AB (former Gullspång Kraft AB)			
1993 SEK loan	2003	33	16
AB Aroskraft *)			
1994 SEK loan	2004	4	-
Mellansvensk Kraftgrupp AB *)			
1998 SEK loan	2003	6	-
1998 SEK loan	2003	11	-
1998 SEK loan	2003	11	-
1998 SEK loan	2005	5	-
1998 SEK loan	2005	25	-
1998 SEK loan	2006	4	-
2001 SEK loan	2003	13	-
2001 SEK loan	2004	33	-
2001 SEK loan	2006	2	-
2002 SEK loan	2006	2	-
2002 SEK loan	2006	22	-
Birka Värme Stockholm AB			
1997 SEK loan	1997–2002	-	1
Fortum Finance B.V.			
1992	1999–2007	70	338
Fortum Oil and Gas Oy			
1992 I	2002	-	17
Total		2,204	1,640

*) In 2001 Aroskraft AB and Mellansvensk Kraftgrupp AB were associated companies.

24. Contingent liabilities

EUR mill. **Collaterals and other undertakings on own behalf**	2002 Debt	Value of collateral	2001 Debt	Value of collateral
Own debt secured by pledged assets				
Loans from financial institutions	323	430	247	169
Pension loans	8	9	10	12
Other liabilities	620	114	379	58
Total	951	553	636	239
Own debt secured by real estate mortgages				
Loans from financial institutions	4	151	35	85
Pension loans	42	42	42	42
Other liabilities	-	44	-	17
Total	46	237	77	144
Own debt secured by company mortgages				
Loans from financial institutions	8	32	2	8
Own debt secured by other mortgages				
Loans from financial institutions	3	26	16	52
Collaterals for other own commitments				
Pledges		7		-
Real estate mortgages		55		56
Company mortgages		1		3
Other mortgages		-		11
Total		63		70
Collaterals given on behalf of associated companies				
Pledges		9		4
Collaterals total		920		517
Liability for nuclear waste disposal		545		515
Share of reserves in the Nuclear Waste Disposal Fund		-535		-505
Liabilities in the balance sheet		10*)		10*)

*) Mortgaged bearer papers as security

Other contingent liabilities	**2002**	**2001**
Operating leasing liabilities		
Due within a year	58	80
Due after a year	91	97
Total	149	177
Finance leases are recognised as assets and liabilities in the balance sheet.		
Sale and leaseback	15	18
Other contingent liabilities given on own behalf	474	462
Other undertakings given on behalf of associated companies		
Guarantees	345	177
Other contingent liabilities	184	352
Total	529	529
Other contingent liabilities given on behalf of others		
Guarantees	4	65
Other contingent liabilities	4	4
Total	8	69
Other contingent liabilities total	1,175	1,255

In addition to other contingent liabilities, a guarantee has been given on behalf of Gasum Oy, which covers 75% of the natural gas commitments arising from the natural gas supply agreement between Gasum and OOO Gazexport.

Derivatives

EUR mill. **Interest and currency derivatives**	2002 Contract or notional value	Fair value	Not recognised as an income	2001 Contract or notional value	Fair value	Not recognised as an income
Forward rate contracts	2,950	-2	-2	5,026	-2	-2
Interest rate swaps	6,898	21	34	5,545	-14	25
Forward foreign exchange contracts [1]	5,626	63	30	4,830	-27	-13
Currency swaps	2,334	227	60	3,180	312	35
Purchased currency options	248	9	11	163	-4	-4
Written currency options	66	1	1	76	-	-

1) Includes contracts used for equity hedging.

Oil futures and forward instruments	Volume 1000 bbl	Fair value	Not recognised as an income	Volume 1000 bbl	Fair value	Not recognised as an income
Sales contracts	10,697	-11	-11	7,090	-1	-1
Purchase contracts	12,170	13	13	4,525	1	1
Purchased options	-	-	-	5,400	-1	-1
Written options	-	-	-	900	1	1

Electricity derivatives	Volume TWh	Fair value	Not recognised as an income	Volume TWh	Fair value	Not recognised as an income
Sales contracts	94	-2,065	-1,406	72	-65	-34
Purchase contracts	78	1,709	1,051	69	81	50
Purchased options	2	1	-1	3	-1	-1
Written options	6	3	6	1	2	2

Natural gas derivatives	Volume Mill.th.	Fair value	Not recognised as an income	Volume Mill.th.	Fair value	Not recognised as an income
Sales contracts	4,072	127	127	1,719	-30	-30
Purchase contracts	3,773	-115	-115	1,746	31	31
Purchased options	1,287	-7	-7	145	1	1
Written options	1,335	-	-	241	-1	-1

The fair values of derivative contracts subject to public trading are based on market prices as of the balance sheet date. The fair values of other derivatives are based on the present value of cash flows resulting from the contracts, and, in respect of options, on evaluation models. The amounts also include unsettled closed positions. Derivative investments are mainly used to manage the Group’s currency, interest rate and price risk.

25. Financial risk management

Financing and financial risk are managed centrally by the Group Treasury in accordance with the Group Treasury Policy approved by Fortum's Board of Directors. In addition, the Group Treasury acts as an internal bank and gives advice on financial matters to the business units and Group companies. Following the conclusion of the Birka Energi deal in 2002, the figures for Birka Energi (renamed Fortum Power and Heat AB) and its subsidiaries have been fully consolidated into the following figures, contrary to previous years' practice.

FINANCIAL POSITION AND LIQUIDITY RISK

The Group Treasury's goal is to optimise external financing and so minimise interest and other financing expenses. The key objective is to use a variety of financing sources, instruments and lenders and to ensure that financing arrangements are as flexible as possible. The Group aims to restrict its refinancing risk, that is, the risk associated with the cost or availability of refinancing, by managing the maturities in its loan portfolio.

In order to achieve these objectives, external financing is mainly centralised in the Group Treasury and the financing of Group companies is managed under internal arrangements providing it is practicable and cost-effective under the corporate legislation of the country in question. External interest-bearing debt by currency, average interest rates and average maturities are shown in Table 1.

Liquidity risk refers to the Group's ability to fund its business needs from liquid assets. It is managed by using cash pooling arrangements, commercial paper programmes and other credit lines. Within each country the Group operates in, treasury and cash management, including short-term funding requirements, are managed as centrally as possible in accordance with the local Group accounting system. The Group's most important credit lines are shown in Table 2.

Table 1:

INTEREST-BEARING DEBT BY CURRENCY AS OF 31 DEC 2002

Currency	Amount EUR mill.	Avg interest rate (%)	Avg maturity (years)
SEK	5,016	5.5	3.0
EUR	1,145	3.7	0.8
USD	237	3.9	1.3
Other	42	6.1	1.6
Total	6,440	5.1	2.5

Table 2:

MAJOR CREDIT LINES AS OF 31 DEC 2002

Credit line	Total amount EUR mill.	Outstanding EUR mill.	Avg interest rate (%)	Maturity date
Fortum Oyj, CP Programme EUR 500 mill.	500	371	3.1	-
Fortum Oyj, CP Programme SEK 5,000 mill.	546	-		-
Fortum Oyj, EUR 200 mill. credit line	200	-		11.12.2003
Fortum Oyj, EUR 150 mill. credit line	150	-		15.12.2003
Fortum Oyj, EUR 100 mill. credit line	100	-		22.12.2003
Fortum Oyj, EUR 100 mill. credit line	100	-		17.12.2003
Fortum Oyj, EUR 100 mill. credit line	100	-		18.12.2003
Fortum Oyj, SEK 500 mill. credit line	55	-		19.12.2003
Fortum Oyj, EUR 600 mill. syndicated credit line	600	549	4.5	28.04.2005
Fortum Oil and Gas Oy, USD 800 mill. syndicated credit line	153	153	1.6	2001-2003
Fortum Power and Heat Oy, DEM 760 mill. syndicated credit line	389	208	4.6	12.06.2004
Fortum Power and Heat AB, CP Programme SEK 5,000 mill.	546	508	4.2	-
Fortum Power and Heat AB, EUR 700 mill. syndicated credit line	700	-		21.04.2004
Fortum Power and Heat AB, SEK 500 mill. credit line	55	-		26.09.2003
Fortum Power and Heat AB, SEK 1,000 mill. overdraft facilities	109	29	4.2	-
Total	4,302	1,817	3.9	

FOREIGN EXCHANGE RISK

Transaction risk refers to cash flow volatility caused by exchange rate fluctuations. Economic exposure refers to the company's position relative to its competitors. Business units and Group companies make hedging transactions almost without exception with the Group Treasury, thereby transferring their risk to the Group Treasury transaction position, which also includes loans and receivables (Table 3). In accordance with the Group's finance policy, management has set risk limits for the Group Treasury's transaction position, which allow for restricted position-taking. The net position is managed using forward contracts, swaps and options.

The aim of managing the transaction position is to minimise any negative impact caused by exchange rate volatility on the Group's cash flow, results and balance sheet. Pricing on the oil markets is in US dollars (USD) while on the Nordic electricity market, Nord Pool, the currency used is Norwegian krone (NOK). The transfer of ownership of Fortum Power and Heat AB to Fortum increased the Swedish krona (SEK) exposure. The foreign exchange risk resulting from these factors exposes the business to short-term transaction risk and to longer-term economic exposure, compared with companies whose domestic currency and business risk currency are the same. The Group's finance policy requires business units to close their foreign exchange positions, which is determined on a business-by-business basis in line with the operational planning period. The period normally varies between 12 and 18 months. The risk exposures of the businesses are determined in co-operation with the Group Treasury.

In addition to business-based foreign exchange exposure, the Group Treasury is responsible for managing the Group's translation position (Table 4). This consists of investments in foreign subsidiaries and associated companies, the equity value of which in the Group's base currency is exposed to exchange rate fluctuations. The Group Treasury hedges its translation position in line with the Group Treasury Policy, which fixes the maximum loss for translation differences at EUR 80 million. Foreign currency loans and forward contracts are used to hedge the translation position.

Table 3:

GROUP TREASURY'S TRANSACTION EXPOSURE AS OF 31 DEC 2002 > EUR mill.

Currency	Net position	Hedge	Open
SEK	3,618	-3,618	-
USD	1,259	-1,259	-
GBP	124	-123	1
NOK	560	-545	15
CAD	37	-37	-
EEK	5	-4	1
Other	5	-5	-
Total	5,608	-5,591	17

Table 4:

GROUP TREASURY'S TRANSLATION EXPOSURE AS OF 31 DEC 2002 > EUR mill.

Currency	Investment	Hedge	Open	Hedge ratio
SEK	1,490	-1,020	470	68%
USD	308	-305	3	99%
GBP	66	-19	47	28%
CAD	69	-55	14	80%
Other	136	-40	96	29%
Total	2,069	-1,439	630	70%

INTEREST RATE RISK

Interest rate risk can be divided into market risk and flow risk. Market risk refers to the effect of a change in interest rates on the present value of the net position, comprising interest-bearing debt and receivables. The Group Treasury measures the market risk by modified duration. Interest rate sensitivity is measured by the effect of a change of one percentage point in the interest rate curves on the present value of net debt. Flow risk refers to the average interest period of interest-bearing debt and receivables by currency (gap analysis) and its effect on net debt interest expenses. The sensitivity of flow risk is measured by calculating the effect of an interest rate increase of one percentage point on the net interest expenses over the next 12 months.

Fortum's interest rate exposure is mainly in interest-bearing net debt on the balance sheet and interest rate derivatives. The long-term objective of interest rate risk management is to minimise the Group's financing expenses in line with its defined risk limits. Hedging is used to keep the risk as close as possible to a neutral position whereupon a change in Group financing expenses arising from movements in the interest rate will effectively be eliminated by a simultaneous change in the opposite direction in business results. A neutral interest rate position has been determined for each currency using benchmark interest rates. Interest rate exposure limits have been determined using measures based on duration.

The modified duration of the loan portfolio during 2002 was in line with objectives (Table 5).

Table 5:

FORTUM'S INTEREST RATE EXPOSURE

Currency	Modified duration	Flow risk EUR mill.	Market risk EUR mill.
EUR	0.5	5	6
SEK	1.1	21	78
USD	2.7	1	8
Other		1	-
Total	1.2	28	92

CREDIT RISK

Credit risk is risk associated with another party where the other party fails to fulfil its contractual obligations in financial transactions. The Group Treasury's credit risk exposure consists of derivative contracts and investments. The limits for the credit risk position are defined in the Group's finance policy. The calculation of the credit risk position is based on the market value of the contracts. During 2002, no credit losses were incurred.

26. Commodity risk management

PRICE RISKS OF COMMODITIES

The core operations of the Group are liable to commodity price and volume risks. The results for oil upstream and, to some extent, gas upstream are dependent on the development of the world market price for crude oil. The value of oil and gas reserves is affected not by short-term price fluctuations but by long-term price development. The profitability of oil refining is most affected by the refining margin, in other words, by the differential between the world market price for crude oil and international market and stock exchange prices for petroleum products. The performance of power generation is most affected by the market price of electricity and the availability of hydropower production, which depends on the volume of hydro flows.

Risk management guidelines on commodity market risks have been drafted for each of the business units. These guidelines outline measures that may be taken to moderate the risk status of the individual unit. Business unit-specific risk limits have been defined for trading operations in particular. Hedging instruments used to manage commodity risks include futures and forward contracts, options and swaps.

27. Legal action and official proceedings

In an administrative litigation case concerning the recovery of harbour dues, which was brought in 1999 against the municipality of Naantali, Fortum Oil and Gas Oy demanded the return of a maximum of EUR 35 million in harbour dues with interest. The Turku Administrative Court rejected Fortum's claim at the end of 2001 and the company has appealed against the ruling to the Supreme Administrative Court.

Fortum's subsidiary Neste Canada, Inc. is the plaintiff and the defendant of a counterclaim in a case concerning environmental clean-up costs. The costs relate to a factory, which was part of a chemical business acquired for Neste Chemicals in 1992 and then subsequently sold. The case is being defended by Reichhold Ltd. The court proceedings, which have been in progress since 1997 at the Toronto Provincial Court, have reached the hearing stage. According to the company's senior management, the court ruling will not have any material impact on Fortum's results or financial position.

Fortum has wide-ranging international operations and in addition to the above-mentioned cases it is both defendant and plaintiff in several legal proceedings relating to its business, most of which will have a relatively minor impact. According to the company's senior management, the results of these proceedings, either when taken individually or together, cannot have any material adverse effect on Fortum's results or financial position.

› Group Shares and Holdings

	Domicile	No. of shares	Group holding, %		Nominal value 1,000 curr.	Book value 31.12.2002 1,000 eur
Group shares (book value over EUR 2 million)						
Power, Heat and Gas						
AB Aroskraft	Sweden	37,125	82.5	SEK	2,475	2,704
AB Fortum Värme Holding samägt med Stockholms stad	Sweden	9,010	50.1	SEK	901	109,256
AB Fortum Värme samägt med Stockholms stad	Sweden	12,199,970	50.1	SEK	1,219,997	1,251,573
AB Hälsingekraft	Sweden	149,000	100.0	SEK	149,000	56,887
AB Skandinaviska Elverk	Sweden	2,000,000	100.0	SEK	200,000	200,944
Arvika Energi AB	Sweden	8,600	100.0	SEK	8,600	5,525
Avestaforsen AB	Sweden	656,000	100.0	SEK	65,600	48,376
Baerum Fjernvarme AS	Norway	70,000	100.0	NOK	7,000	15,119
Baerum Fjernvarme Holding AS	Norway	57,500	100.0	NOK	5,750	15,260
Brännälven Kraft AB	Sweden	26,805	35.5	SEK	6,701	26,549
Bullerforsens Kraft AB	Sweden	264,000	88.0	SEK	26,400	90,461
Cajero AB	Sweden	2,000	100.0	SEK	2,000	83,099
Dalälvens Kraft AB	Sweden	25,000	100.0	SEK	2,500	348,560
Edenderry Power Limited [1]	Ireland	6,999	100.0	IEP	7,000	8,890
Fortum Energiantuotanto Oy	Finland	27,035	100.0	EUR	2,704	13,486
Fortum Energy Securities AB	Sweden	53,168	100.0	SEK	53,168	3,821
Fortum Generation AB	Sweden	88,311,286	100.0	SEK	441,556	1,648,189
Fortum Holding B.V.	The Netherlands	200,000	100.0	EUR	20,000	60,897
Fortum Kraft AB	Sweden	100,000	100.0	SEK	100,000	196,720
Fortum Lämpö Oy	Finland	2,000	100.0	EUR	1,682	8,399
Fortum Markets AB	Sweden	250,000	100.0	SEK	250,000	140,819
Fortum Power and Heat AB	Sweden	20,000,000	100.0	SEK	2,000,000	2,968,755
Fortum Power and Heat AS	Norway	35,000	100.0	NOK	3,500	18,569
Fortum Sverige AB	Sweden	8,046,868	100.0	SEK	8,046,868	128,233
Fortum Värme Nynäshamn AB	Sweden	2,000	100.0	SEK	2,000	2,076
Fryksdalens Kraft AB	Sweden	70,000	50.3	SEK	7,000	23,162
HemEl AB	Sweden	500,000	100.0	SEK	50,000	5,464
Hudiksvalls Energiverk AB	Sweden	2,000	100.0	SEK	2,000	15,174
IVO Energy Limited	Great Britain	25,382,000	100.0	GBP	25,382	52,354
Kinnekulle Energi AB	Sweden	325,000	100.0	SEK	32,500	4,605
Klarälvens Kraft AB	Sweden	100,000	50.3	SEK	10,000	136,685
Koillis-Pohjan Energiantuotanto Oy	Finland	19,000	100.0	EUR	1,900	7,234
Kopparkraft AB	Sweden	6,859,670	100.0	SEK	685,967	382,425
Kopparkraft Intressenter AB	Sweden	1,000,000	100.0	SEK	100,000	248,375
Krångede AB	Sweden	100	100.0	SEK	100	399,558
Lindsnäsfors Kraft AB	Sweden	4,303,848	100.0	SEK	430,385	185,410
Ljunga Kraft AB	Sweden	10,177,625	100.0	SEK	284,974	184,990
Ljusnans Kraft AB	Sweden	5,000	100.0	SEK	500	270,420
Mellansvensk Kraftgrupp AB	Sweden	66,513	86.9	SEK	66,513	39,217
Naps Systems Oy	Finland	11,363	61.0	EUR	1,136	4,279
Nybroviken Kraft AB	Sweden	100,000	52.9	SEK	10,000	24,972
Parteboda Kraft AB	Sweden	1,000	52.9	SEK	100	35,065
SEV Holding AB	Sweden	1,000	100.0	SEK	100	23,361
Spjutmo Kraft AB	Sweden	100,000	100.0	SEK	10,000	36,398

1) Fortum Power and Heat Oy owns 0.014286% and Fortum Power Holding B.V. owns 99.9857%

	Domicile	No. of shares	Group holding, %		Nominal value 1,000 curr.	Book value 31.12.2002 1,000 eur
Stockholm Energi Vattenkraft AB	Sweden	1,000	100.0	SEK	100	499,555
Uddeholm Kraft AB	Sweden	5,953,332	100.0	SEK	595,333	76,703
Uudenmaan Energia Oy	Finland	5,000	100.0	EUR	840	6,574
Voxnan Kraft AB	Sweden	1,000	52.9	SEK	100	140,853
Värmlandskraft OKG-delägarna AB	Sweden	308	73.3	SEK	308	9,948
Älvkraft i Värmland AB	Sweden	3,146,960	50.3	SEK	314,696	96,248
Älvkraft i Värmland Intressenter AB	Sweden	125,000	45.5	SEK	12,500	6,566
Distribution						
AB Ryssa Elverk	Sweden	630,000	100.0	SEK	31,500	25,874
Ekerö Energi AB	Sweden	19,520	80.5	SEK	1,269	25,155
Fortum Distribution AB	Sweden	30	100.0	SEK	300	786,645
Fortum Distribution Dalarna AB	Sweden	1,000	100.0	SEK	100	22,617
Fortum Distribution Holding AB	Sweden	100	100.0	SEK	100	790,876
Fortum Distribution Småland AB	Sweden	500,000	100.0	SEK	50,000	87,405
Fortum Distribution Yngeredsfors AB	Sweden	800,000	100.0	SEK	80,000	188,468
Fortum Elekter AS	Estonia	1,572,323	97.8	EEK	157,232	9,586
Fortum Sähkönsiirto Oy	Finland	439,765	100.0	EUR	43,977	227,304
Koillis-Pohjan Sähkönsiirto Oy	Finland	8,000	100.0	EUR	800	26,689
Oy Tersil AB	Finland	15,000	100.0	EUR	252	2,750
Oy Tertrade AB	Finland	15,000	100.0	EUR	252	2,425
Täby Energi Nät AB	Sweden	32,000	100.0	SEK	8,000	5,113
Värmlandsenergi AB	Sweden	53,613,270	100.0	SEK	536,133	71,330
Fortum Energy Solutions						
ETV Eröterv Rt.	Hungary	54,579	84.46	HUF	545,790	2,866
Fortum Engineering Oy	Finland	11,000	100.0	EUR	18,501	18,728
Fortum Finanz Management GmbH	Germany	1	100.0	EUR	25	41,391
Fortum Power Holding B.V.	The Netherlands	240	100.0	EUR	24,000	49,725
Fortum Service AB	Sweden	100,091	100.0	SEK	10,009	16,365
Fortum Service Oy	Finland	5,000	100.0	EUR	8,409	8,409
Fortum Service Öst AB	Sweden	10,000	100.0	SEK	10,000	5,135
Fortum Teknik & Miljö AB	Sweden	3,076	100.0	SEK	3,076	2,158
Kotkan Putkityö Oy	Finland	100	100.0	EUR	17	2,102
Oil Refining and Marketing						
Best Chain Oy	Finland	112,800	100.0	EUR	11,280	45,413
Eastex Crude Company Partnership	USA	-	70.0	USD	-	4,213
Fortum Gas Ltd	Great Britain	3,030,000	100.0	GBP	3,030	4,658
Fortum Markets Oy 2)	Finland	22,542	100.0	EUR	22,542	87,411
Fortum Oil and Gas AB	Sweden	2,000,000	100.0	SEK	200,000	23,972
Fortum Oil N.V.	Belgium	60,389	100.0	BEF	603,890	13,641
Fortum Polska sp.z.o.o.	Poland	6,809	100.0	PLN	1,815	20,434
Neste Crude Oil Inc.	USA	1,000	100.0	USD	1	2,307
Neste Eesti AS	Estonia	10,000	100.0	EEK	10,000	5,926
Neste Markkinointi Oy	Finland	210,560	100.0	EUR	21,056	47,567
Neste MTBE S.A.	Portugal	600,000	100.0	EUR	3,000	2,097
Neste Oil Holding (U.S.A.) Inc.	USA	1,000	100.0	USD	1	18,428

2) Includes also Power, Heat and Gas operations

	Domicile	No. of shares	Group holding, %		Nominal value 1,000 curr.	Book value 31.12.2002 1,000 eur
Neste Oil Services Inc.	USA	1,000	100.0	USD	1	40,701
Neste St. Petersburg OOO	Russia	10	100.0	RUR	1,052,821	58,427
SIA Neste Latvija	Latvia	180	100.0	LVL	11,318	33,730
Tehokaasu Oy	Finland	7,200	100.0	EUR	3,027	3,900
Tidelands Oil Production Company Partnership	USA	-	79.9	USD	-	2,759
UAB Neste Lietuva	Lithuania	709,830	100.0	LTL	70,983	29,000
Oil and Gas Upstream						
Fortum Petroleum AS	Norway	3,000	100.0	NOK	3,000	9,579
Other						
Fortum Assets Oy	Finland	400,000	100.0	EUR	6,728	22,979
Fortum Capital Ltd (67.57% of votes)	Great Britain	500	29.4	EUR	500	50,351
Fortum Chemicals Benelux Holding B.V.	The Netherlands	173,429	100.0	EUR	35,572	29,245
Fortum Energy Ltd	Great Britain	5,362,000	100.0	GBP	5,362	8,961
Fortum Finance B.V.	The Netherlands	237,001	100.0	EUR	107,546	104,964
Fortum Investments Ltd	Ireland	30,910,000	100.0	USD	30,910	78,425
Fortum Project Finance S.A.	Luxemburg	154,000	100.0	EUR	38,177	167,518
Fortum Support AB	Sweden	20,000,000	100.0	SEK	20,000	2,622
Kiinteistö Oy IVOn Vanhakaupunki	Finland	1,600	100.0	EUR	2,691	10,764
Group companies consolidated using the pooling-of-interests method						
Fortum Power and Heat Oy	Finland	91,197,542	100.0	EUR	153,383	2,625,705
Fortum Oil and Gas Oy	Finland	98,523,082	100.0	EUR	165,704	2,898,575
Associated companies (book value over EUR 2 million)						
Power, Heat and Gas						
Blåsjön Kraft AB	Sweden	6,000	50.0	SEK	100	15,981
Drammen Fjernvarme KS	Norway	-	50.0	NOK	17,550	2,410
Finnglass Oy	Finland	470	37.0	EUR	395	2,340
Forsmarks Kraftgrupp AB	Sweden	76,500	25.5	SEK	1	16,250
Gasum Oy	Finland	13,250,000	25.0	EUR	44,520	44,570
Hofors Energi AB	Sweden	2,000	48.8	SEK	1,000	2,045
Horrmundsvalla Kraft AB	Sweden	1,000	50.0	SEK	1,000	4,042
Härjeåns Kraft AB	Sweden	31,643	46.3	SEK	100	7,208
Ishavskraft AS	Norway	7,105	49.0	NOK	7,105	6,926
Karlshamnverkets Kraftgrupp AB	Sweden	45,000	30.0	SEK	200	2,441
Kemijoki Oy [3]	Finland	427,424	17.5	EUR	7,223	293,774
Nova Naturgas AB	Sweden	510,201	20.4	SEK	24,490	23,378
Oskarshamn Kraftgrupp AB	Sweden	409,500	43.4	SEK	100	9,343
Riihimäen Kaukolämpö Oy	Finland	50	50.0	EUR	57	3,556
Stensjön Kraft AB	Sweden	220,000	50.0	SEK	11,000	46,871
Teollisuuden Voima Oy	Finland	189,877,285	26.6	EUR	189,877	124,655
UVCC II Parallel Fund, L.P.	USA	-	33.3	USD	4,545	2,150
Ångefallens Kraft AB	Sweden	5,000	50.0	SEK	100	8,534

3) As collateral, the Nuclear Waste Disposal Fund has 44,399 shares with a book value of EUR 58,637,360

	Domicile	No. of shares	Group holding, %		Nominal value 1,000 curr.	Book value 31.12.2002 1,000 eur
Distribution						
Fingrid Oyj (33.44% of votes)	Finland	834	25.1	EUR	14,027	28,054
Karlskoga Energi & Miljö AB	Sweden	26,950	49.0	SEK	26,950	37,475
Keuruun Sähkö Oy	Finland	1,754	35.1	EUR	88	2,458
Sallilan Sähkölaitos Oy	Finland	27,250	46.0	EUR	229	8,174
Oil Refining and Marketing						
CanTerm Canadian Terminals Inc.	Canada	50	50.0	CAD	200	6,042
Nynäs Petroleum AB	Sweden	33,765	50.0	SEK	33,765	43,337
Oil and Gas Upstream						
SeverTEK ZAO	Russia	50,000	50.0	USD	10,000	8,668
Fortum Energy Solutions						
Panjin Liaohe Fortum Thermal Power Company Co.	China	1	50.0	EUR	-	9,976
Other operations						
Enermet Group Oy	Finland	268,349	26.7	EUR	4,513	4,513

Other shares and holdings (book value over EUR 2 million)

	Domicile	No. of shares	Group holding, %		Nominal value 1,000 curr.	Book value 31.12.2002 1,000 eur
Power, Heat and Gas						
AO Lenenergo	Russia	54,344,760	7.1	RUR	54,345	23,427
Dala Kraft AB	Sweden	128,516	18.7	SEK	12,852	2,204
Eesti Gaas AS	Estonia	1,212,632	17.7	EEK	27,506	5,246
Lapin Sähkövoima Oy	Finland	18,3534	13.0	EUR	31	11,004
Nokian Lämpövoima Oy	Finland	19,900	19.9	EUR	33	4,373
Tåsan Kraft AB	Sweden	960	18.2	SEK	960	8,872
Distribution						
Imatran Seudun Sähkö Oy (16.6% of votes)	Finland	69,594	14.6	EUR	117	2,520
Vakka-Suomen Voima Oy	Finland	14,210	16.7	EUR	14	2,324
Oil Refining and Marketing						
Saudi European Petrochemical Company Ibn Zahr	Saudi Arabia	98,832	10.0	SAR	98,832	14,851
Other operations						
Utility Competetive Advantage Fund L.L.C.	USA	-	11.1			7,908

Complete list of shares and holdings is included in Fortum Corporation's statutory financial statements.

Key Financial Indicators 1998–2002

		1998	1999	2000	2001	2002
Income statement						
Net sales	EUR mill.	8,494	8,232	10,614	10,410	11,148
change	%	-15.9	-3.1	28.9	-1.9	7.1
Share of profits of associated companies	EUR mill.	42	36	46	36	31
Other operating income	EUR mill.	102	187	140	203	370
Depreciation, amortisation and write-downs	EUR mill.	-505	-523	-571	-623	-694
Other operating expenses	EUR mill.	-7,547	-7,227	-9,323	-9,112	-9,566
Operating profit	EUR mill.	586	705	906	914	1,289
of net sales	%	6.9	8.6	8.5	8.8	11.6
Financial income and expenses	EUR mill.	-218	-211	-273	-212	-281
Profit before extraordinary items	EUR mill.	368	494	633	702	1,008
of net sales	%	4.3	6.0	6.0	6.7	9.0
Extraordinary items	EUR mill.	-5	460	-10	-	-
Profit before taxes	EUR mill.	363	954	623	702	1,008
of net sales	%	4.3	11.6	5.9	6.7	9.0
Income taxes	EUR mill.	-123	-229	-154	-160	-269
Minority interest	EUR mill.	-27	-22	-46	-83	-73
Net profit for the period	EUR mill.	213	703	423	459	666
Balance sheet						
Fixed assets and other long-term investments	EUR mill.	9,244	9,724	11,712	11,328	14,837
Current assets						
Inventories	EUR mill.	576	661	746	598	504
Receivables	EUR mill.	1,192	1,379	1,933	1,766	2,027
Cash and marketable securities	EUR mill.	564	775	437	602	592
Shareholders' equity	EUR mill.	3,975	4,705	5,022	5,485	5,896
Minority interest	EUR mill.	210	126	1,281	1,270	1,432
Provisions for liabilities and charges	EUR mill.	64	83	197	144	133
Deferred tax liabilities	EUR mill.	1,078	1,128	1,177	1,122	1,866
Interest-bearing debt	EUR mill.	4,462	4,593	5,063	4,276	6,440
Interest-free debt	EUR mill.	1,787	1,904	2,088	1,997	2,193
Total assets	EUR mill.	11,576	12,539	14,828	14,294	17,960
Profitability						
Return on shareholders' equity	%	5.7	7.7	8.6	8.3	10.5
Return on capital employed	%	7.7	8.4	9.4	8.7	11.1
Financing and financial position						
Interest-bearing net debt	EUR mill.	3,898	3,818	4,626	3,674	5,848
of the net sales	%	45.9	46.4	43.6	35.3	52.5
Gearing [1]	%	93	79	73	54	80
Equity-to-assets ratio	%	36	39	43	48	41
Net cash from operating activities	EUR mill.	793	524	424	1,145	1,351
Cash flow before financing activities	EUR mill.	688	497	-685	844	-27
Dividends	EUR mill.	99	141	194	220	262[2]

1) Gearing is defined as interest-bearing net debt over shareholders' equity plus minority interest. This minority interest includes the preference shares amounting to EUR 1.2 billion, carrying fixed income dividend of 6.7%, issued by Fortum Capital Ltd.

2) Board of Directors' proposal

		1998	1999	2000	2001	2002
Net interest expenses	EUR mill.	224	209	243	215	277
Interest coverage		2.6	3.4	3.7	4.3	4.7
Other indicators						
Capital employed	EUR mill.	8,647	9,425	11,365	11,032	13,765
Investments	EUR mill.	1,702	1,059	3,131	713	4,381
of net sales	%	20.0	12.9	29.5	6.8	39.3
Research and development expenditure	EUR mill.	92	72	58	53	38
of net sales	%	1.1	0.9	0.5	0.5	0.3
Average number of employees		19,003	17,461	16,220	14,803	14,053

Calculations of the key financial indicators are presented on page 72.

QUARTERLY NET SALES BY SEGMENTS

EUR million	2002	Q4/02	Q3/02	Q2/02	Q1/02	2001	Q4/01	Q3/01	Q2/01	Q1/01
Power, Heat and Gas	2,898	979	547	619	753	2,227	645	422	475	685
Electricity Distribution	640	185	138	155	162	473	135	96	105	137
Fortum Energy Solutions	664	214	159	153	138	603	87	150	197	169
Oil Refining and Marketing	7,195	2,002	1,821	1,812	1,560	7,223	1,636	1,863	1,772	1,952
Oil and Gas Upstream	391	127	84	107	73	408	81	106	122	99
Other Operations	64	19	15	16	14	95	22	31	20	22
Internal invoicing	-704	-236	-159	-180	-129	-619	-70	-186	-188	-175
Total	11,148	3,290	2,605	2,682	2,571	10,410	2,536	2,482	2,503	2,889

QUARTERLY OPERATING PROFIT BY SEGMENTS

EUR million	2002	Q4/02	Q3/02	Q2/02	Q1/02	2001	Q4/01	Q3/01	Q2/01	Q1/01
Power, Heat and Gas	560	241	22	149	148	367	114	41	49	163
Electricity Distribution	279	60	34	72	113	135	30	24	25	56
Fortum Energy Solutions	37	19	7	10	1	13	5	-1	21	-12
Oil Refining and Marketing	259	38	85	78	58	242	15	78	95	54
Oil and Gas Upstream	213	56	18	121	18	196	33	46	68	49
Other Operations	-64	-27	-18	-8	-11	-40	-24	-2	-9	-5
Eliminations	5	4	1	-	-	1	-2	-1	2	2
Total	1,289	391	149	422	327	914	171	185	251	307

› Calculation of Key Figures

CALCULATION OF KEY FINANCIAL INDICATORS

Return on shareholders' equity, %	=	100 x	Profit before extraordinary items – taxes / (Shareholders' equity + minority interests) average
Return on capital employed, %	=	100 x	Profit before extraordinary items + interest and other financial expenses / Capital employed average
Return on net assets, %	=	100 x	Operating profit / Net assets average
Capital employed	=		Total assets – interest-free liabilities – deferred tax liabilities – provisions for liabilities and charges
Interest-bearing net debt	=		Interest-bearing debt – cash and marketable securities
Gearing (%)	=	100 x	Interest-bearing net debt / Shareholders' equity + minority interests
Equity-to assets ratio (%)	=	100 x	Shareholders' equity + minority interests / Total assets – advances received
Interest coverage	=		Operating profit / Net interest expenses

CALCULATION OF KEY SHARE RATIOS

Earnings per share (EPS)	=		Profit before extraordinary items – taxes on regular business operations – minority interests / Adjusted average number of shares during the period
Cash flow per share	=		Cash from operating activities / Adjusted average number of shares during the period
Shareholders' equity per share	=		Shareholders' equity / Adjusted average number of shares at the end of the period
Dividend per share	=		Dividends for the financial period / Adjusted average number of shares at the end of the period
Dividend per earnings (%)	=	100 x	Dividend per share / Earnings per share
Dividend yield (%)	=	100 x	Dividend per share / Share price at the end of the period
Price per earnings ratio	=		Share price at the end of the period / Earnings per share
Average share price	=		Amount traded in euros during the period / Adjusted number of shares traded during the period
Market capitalisation	=		Number of shares at the end of the period x share price at the end of the period
Trading volumes	=		Number of shares traded during the period, and in relation to the weighted average number of shares during the period.

> Parent Company Income Statement, Balance Sheet and Cash Flow Statement

> Income Statement

EUR mill.	Note	1.1.-31.12. 2002	1.1.-31.12. 2001
Net sales	1	17	51
Other operating income	2	1	19
Depreciation, amortisation and write-downs	3	-2	-1
Other operating expenses	4	-65	-87
Operating profit/loss		-49	-18
Financial income and expenses	5	95	183
Profit before extraordinary items		46	165
Group contributions		662	335
Profit before appropriations and taxes		708	500
Appropriations	6	-	-1
Income taxes	7	-206	-152
Net profit for the period		502	347

> Balance Sheet

EUR mill.	Note	31.12. 2002	31.12. 2001
ASSETS			
Fixed assets and other long-term investments	8,9		
Intangible assets		5	4
Tangible assets		2	5
Other long-term investments		8,015	7,162
		8,022	7,171
Current assets			
Short-term receivables	10	892	522
Investments	11	-	149
Cash and cash equivalents		360	141
		1,252	812
		9,274	7,983
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	13		
Share capital		2,876	2,875
Share premium		2,778	2,778
Retained earnings		397	270
Net profit for the period		503	347
		6,554	6,270
Accumulated appropriations			
Accumulated depreciation above the plan		1	1
Long-term liabilities			
Interest-bearing	14	562	189
Short-term liabilities			
Interest-bearing	14	958	1,461
Interest-free		1,199	62
		2,157	1,523
		9,274	7,983

> Cash Flow Statement

EUR mill.	1.1.-31.12. 2002	1.1.-31.12. 2001
Operating activities		
Profit before extraordinary items	47	165
Depreciation, amortisation and write-downs	2	1
Financial income and expenses	-95	-183
Divesting activities, net	-1	-18
Operating profit before change in working capital	-47	-35
Change in working capital		
Decrease (+)/increase(-) in interest-free short-term receivables	9	5
Decrease(-)/increase(+) in interest-free liabilities	-7	-6
Change in working capital	2	-1
Funds generated from operations	-45	-36
Interest and other financial income	33	18
Dividends received	-	163
Group contribution received	335	220
Income taxes paid	-162	-178
Realised foreign exchange gains and losses	90	-22
Net cash from operating activities	251	165
Investing activities		
Capital expenditures	-	-9
Proceeds from sales of fixed assets	1	-
Investments in shares in associated companies	-	-1
Investments in other shares	-	-1
Proceeds from sales of shares in subsidiaries	55	2
Proceeds from sales of shares in associated companies	-	47
Change in other investments, increase (-), decrease (+)	-996	-44
Cash flow from investing activities	-940	-6
Cash flow before financing activities	-689	159
Financing activities		
Payment of (-)/Proceeds from (+) short-term borrowings	613	241
Proceeds from long-term liabilities	561	-
Payment of long-term liabilities	-196	-25
Dividends paid	-220	-195
Proceeds from issuance of common stock	1	-
Cash flow from financing activities	759	21
Net increase (+)/decrease (-) in cash and marketable securities	70	180
Cash and marketable securities at the beginning of the period	290	110
Cash and marketable securities at the end of the period	360	290
Net increase (+)/ decrease (-) in cash and marketable securities	70	180

EUR mill.	2002	2001

1. Net sales by market area

Finland	17	51

2. Other operating income

Gains on the sales of fixed assets	1	19

3. Depreciation, amortisation and write-downs

Depreciation and amortisation according to the plan	2	1

4. Other operating expenses

Personnel expenses		
Wages and salaries	17	20
Indirect employee costs		
Pension costs	5	4
Other indirect employee costs	8	9
Other operating expenses	35	54
Total	65	87
Salaries and remunerations		
President and CEO and members of the Board of Directors	1	1
Average number of employees	324	377

5. Financial income and expenses

Income from Group companies	-	162
Income from associated companies	1	1
Other interest and financial income from Group companies	128	85
Other interest and financial income	32	17
Exchange rate differences	48	-4
Write-downs on other long-term investments	-1	-
Interest and other financial expenses to Group companies	-56	-63
Interest and other financial expenses	-57	-15
Total	95	183

EUR mill.	2002	2001
Total interest income and expenses		
Interest income	161	102
Interest expenses	-111	-77
Net interest income	50	25

6. Appropriations

Depreciation above the plan	-	1

7. Income taxes

Taxes on regular business operations	14	55
Taxes on extraordinary items	192	97
Total	206	152

8. Fixed assets and other long-term investments

Intangible assets		
Other long-term expenditure	5	4
Tangible assets		
Machinery and equipment	2	3
Advances paid and construction in progress	-	2
Total	2	5
Other long-term investments	5,801	5,801
Receivables from Group companies	2,180	1,327
Shares in associated companies	5	5
Receivables from associated companies	12	11
Other shares and holdings	2	3
Other receivables	15	15
Total	8,015	7,162

9. Change in acquisition cost

EUR mill.	Intangible rights	Other long-term expenditure	Total
Intangible assets			
Acquisition cost as of 1 Jan 2002	-	5	5
Increases	1	1	2
Decreases	-	-	-
Acquisition cost as of 31 Dec 2002	1	6	7
Accumulated depreciation, amortisation and write-downs as of 1 Jan 2002	-	1	1
Depreciation and amortisation for the period	-	1	1
Accumulated depreciation, amortisation and write-downs as of 31 Dec 2002	-	2	2
Balance sheet value as of 31 Dec 2002	1	4	5
Balance sheet value as of 31 Dec 2001	-	4	4

EUR mill. Tangible assets	Machinery and equipment	Advances paid and construction in progress	Total
Acquisition cost as of 1 Jan 2002	4	2	6
Increases	-	-	-
Decreases	1	2	3
Acquisition cost as of 31 Dec 2002	3	-	3
Accumulated depreciation, amortisation and write-downs as of 1 Jan 2002	1	-	1
Accumulated depreciation, amortisation and write-downs of decreases	1	-	1
Depreciation and amortisation for the period	1	-	1
Accumulated depreciation, amortisation and write-downs as of 31 Dec 2002	1	-	1
Balance sheet value as of 31 Dec 2002	2	-	2
Balance sheet value as of 31 Dec 2001	3	2	5

EUR mill. Investments	Shares in Group companies	Receivables from Group companies	Shares in associated companies	Receivables from associated companies	Other shares and holdings	Other receivables	Total
Acquisition cost as of 1 January	5,801	1,327	5	11	3	15	7,162
Increases	-	1,685	-	1	-	-	1,686
Decreases	-	832	-	-	-	-	832
Acquisition cost as of 31 December	5,801	2,180	5	12	3	15	8,016
Depreciation, amortisation and write-downs for the period	-	-	-	-	1	-	1
Balance sheet value as of 31 Dec 2002	5,801	2,180	5	12	2	15	8,015
Balance sheet value as of 31 Dec 2001	5,801	1,327	5	11	3	15	7,162

EUR mill.	2002	2001

10. Short-term receivables

Receivables from Group companies		
Trade receivables	2	7
Other receivables	697	368
Accrued income and prepaid expenses	41	13
Total	740	388
Accrued income and prepaid expenses from associated companies	2	2
Other receivables	6	7
Accrued income and prepaid expenses	144	125
Total	892	522

11. Investments

The book value of the financial investments was 0 in 2002. In 2001 the book value was EUR 149 million and the market value EUR 149 million.

12. Pension commitments to corporate management

The executive directors of Fortum Corporation are eligible for retirement at the age of 60.

EUR mill.	2002	2001

13. Changes in shareholders' equity

Share capital as of 1 January	2,875	2,875
Options exercised	1	-
Share capital as of 31 December	2,876	2,875
Share premium as of 1 January	2,778	2,778
Increase in share premium	-	-
Share premium as of 31 December	2,778	2,778
Retained earnings as of 1 January	617	465
Dividends paid	-220	-194
Other distribution	-	-1
Net profit for the period	503	347
Retained earnings as of 31 December	900	617
Distributable funds as of 31 December	900	617

14. Liabilities

EUR mill.	2002	2001
Long-term liabilities		
Loans for financial institutions	552	181
Other long-term liabilities to Group companies	-	8
Other long-term liabilities	10	-
Total	562	189
of which interest-bearing	562	189
Short-term liabilities		
Convertible bonds	-	4
Loans from financial institutions	599	8
Trade payables	2	3
Liabilities to Group companies		
Trade payables	1	8
Other liabilities	1,454	1,446
Accruals and deferred income	11	4
Total	1,466	1,458
Liabilities to associated companies	5	3
Other short-term liabilities	4	4
Accruals and deferred income	81	43
Short term liabilities total	2,157	1,523
of which interest-bearing	958	1,461
Interest-bearing and interest-free liabilities		
Interest-bearing liabilities	1,520	1,327
Interest-free liabilities	1,199	62
Total	2,719	1,712

EUR mill.	2002	2001
Short-term accruals and deferred income		
Accrued interests	34	18
Accrued taxes	43	-
Other short-term accruals and deferred income	15	29
Total	92	47

Maturity of long-term liabilities

Year	
2003	2
2004	2
2005	550
2006	-
2007 and later	10
Total	564

15. Contingent liabilities

EUR mill.	2002	2001
Undertaking on behalf of Group companies		
Guarantees	668	238
Undertaking on behalf of associated companies		
Guarantees	90	153
Other contingent liabilities	2	-
Total	92	153
Contingent liabilities total	760	391

Derivatives

EUR mill. **Interest and currency derivatives**	2002 Contract or notional value	Fair value	Not recog-nised as an income	2001 Contract or notional value	Fair value	Not recog-nised as an income
Interest rate swaps	1,724	56	65	1,781	31	40
Forward foreign exchange contracts [1]	7,312	27	-	4,570	-16	-
Currency swaps	1,455	106	-	1,565	121	-1
Purchased currency options	314	8	-	239	-4	-
Written currency options	205	-9	-	239	4	-

1) Includes also contracts used for equity hedging

› Shares and Shareholders

› Share capital

Fortum has one class of shares. By the end of 2002, a total of 845,759,955 shares had been issued. The nominal value of the shares is EUR 3.40 and each share entitles the holder to one vote at the Annual General Meeting. All shares entitle holders to an equal dividend.

In accordance with the Articles of Association, at the end of 2002, Fortum Corporation's share capital may range between a minimum of EUR 2 billion and a maximum of EUR 8 billion. Within these limits, it can be increased or decreased without changing the Articles of Association. Fortum Corporation's share capital on 31 December 2002, paid in its entirety and entered in the trade register, was EUR 2,875,583,847.

Fortum Corporation's shares are in the Finnish book entry system maintained by the Finnish Central Securities Depository Ltd.

SHARE CAPITAL 1998–2002

	Number of shares	Share capital, EUR
Fortum established on 7 Feb 1998	500,000	1,681,879
Rights issue in 1998	782,282,635	2,631,409,886
Employee issue in 1998	2,000,000	6,727,517
Share capital on 31 Dec 1998	784,782,635	2,639,819,282
Share capital on 31 Dec 1999	784,782,635	2,639,819,282
Scrip issue in 2000	-	28,441,677
Rights issue in 2000	60,825,940	206,808,196
Share capital on 31 Dec 2000	845,608,575	2,875,069,155
Share capital on 31 Dec 2001	845,608,575	2,875,069,155
Subscribed under bond loan with warrants 1999		
27 June 2002	57,280	194,752
4 Sept 2002	54,290	184,586
31 Oct 2002	22,910	77,894
19 Dec 2002	13,900	47,260
Subscribed under management share option scheme 1999		
19 Dec 2002	3,000	10,200
Share capital on 31 Dec 2002	845,759,955	2,875,583,847

› Quotation and trading of shares, warrants and options

Fortum Corporation's shares are quoted on the Helsinki Exchanges. The first trading date was 18 December 1998.

At the end of 2002, Fortum Corporation's lot size was 200 shares. The highest quotation of Fortum Corporation's shares on the Helsinki Exchanges in 2002 was EUR 6.52, the lowest EUR 4.75, and the average quotation EUR 5.87. The closing quotation on the last trading day of the year was EUR 6.25.

During 2002, a total of 251.2 million shares for a total of EUR 1,475 million were traded. Fortum's market capitalisation, calculated using the closing quotation on the last trading day of the year, was EUR 5,286 million.

Relating to the bond loan with warrants to employees 1999, a total of 2.0 million warrants for a total of EUR 3.9 million was traded during 2002. Relating to the management share option scheme 1999, a total of 1,312 options for a total of EUR 0.9 million was traded during 2002.

KEY SHARE RATIOS 1998 – 2002

		1998	1999	2000	2001	2002
Earnings per share (EPS)	EUR	0.27	0.41	0.55	0.57	0.79
Fully diluted earnings per share	EUR			0.55	0.57	0.78
Cash flow per share	EUR	1.01	0.67	0.54	1.43	1.60
Shareholders' equity per share	EUR	5.06	6.00	6.32	6.49	6.97
Dividend per share	EUR	0.13	0.18	0.23	0.26	0.31 1)
Dividend per earnings	%	46.3	43.4	41.9	45.6	39.3 1)
Dividend yield	%	2.5	4.0	5.3	5.5	5.3 1)
Price/earnings ratio (P/E)		18.5	10.9	7.9	8.3	7.5
Share prices						
At the end of the period	EUR	5.03	4.50	4.35	4.75	6.25
Average share price	EUR	5.66	4.76	4.18	4.79	5.87
Lowest share price	EUR	4.86	4.24	3.50	4.05	4.75
Highest share price	EUR	6.05	5.80	4.94	5.70	6.52
Market capitalisation at the end of the period	EUR mill.	3,949	3,532	3,456	4,017	5,286
Trading volumes						
Number of shares traded	1,000	17,643	112,398	93,900	134,499	251,216
In relation to the weighted average number of shares	%	2.2	14.3	11.9	16.8	29.7
Number of shares	1,000	784,783	784,783	845,609	845,609	845,776
Number of shares excluding own shares	1,000	784,783	784,783	794,571	845,609	845,776
Adjusted average number of shares	1,000	784,783	784,783	787,223	798,346	845,642
Diluted adjusted average number of shares	1,000			787,223	798,308	851,482

1) Board of Directors' proposal.

For calculation, please see page 72.

› State ownership

At the beginning of 2002, the Finnish State owned 70.74% of the company's shares. In June 2002, The Finnish State sold 84,3 million shares. After this sale, the Finnish State's ownership of both the shares and voting rights was 60.77%.

The Finnish Parliament has authorised the Government to reduce the Finnish State's holding in Fortum Corporation to no less than 50.1% of the share capital and voting rights.

› Management shareholding and share options

On 31 December 2002, the members of the Supervisory Board of Fortum Corporation owned a total of 3,551 shares or 0.00 % of the shares and voting rights. The members of the Board of Directors and the President and CEO owned a total of 40,916 shares, which corresponds to 0.00% of the company's shares and voting rights. The members of the Board of Directors and the President and CEO owned a total of 350 of share options from 1999, which entitle them to a subscription of a total of 350,000 Fortum Corporation share, as well as a total of 800,000 of share options from 2001 and a total of 680,000 of share options from 2002, which entitle them to a subscription of a total of 1,480,000 Fortum Corporation shares on certain conditions. If the subscription rights were exercised in full, the shares and voting rights accounted for the said persons would be 0.22% of the share capital at the end of 2002.

More information on management shareholding on page 36 and 38.

› Warrants and share options

Fortum has the following incentive systems tied to the shares.

MANAGEMENT SHARE OPTION SCHEME (1999)

In 1999, a resolution was passed to issue a total of 15,000 share options to the Group management. The share options entitled the holders to subscribe for a maximum of 15,000,000 Fortum Corporation shares. In accordance with the terms and conditions of the option scheme, some of the share options have been redeemed following the termination of some employment contracts.

The preconditions for this share option scheme were met, and a total of 11,768 share options were listed on 1 October 2002. Each share option entitles the holder to subscribe for 1,000 shares. The share options are exercisable during the period from 1 October 2002 through to 1 October 2005. The subscription price is EUR 5.61. A total of 11,768,000 shares can be subscribed for such that the share capital is increased by a maximum of EUR 40,011,200, which corresponds to 1.4% of the share capital at the end of 2002. By the end of 2002, a total of 3,000 shares were subscribed for and entered into the trade register. The shares subscribed for entitle the holder to a dividend for the accounting period during which the subscription was made. This scheme covers approximately 120 persons.

BOND LOAN WITH WARRANTS FOR EMPLOYEES (1999)

In 1999, a resolution was passed to issue a bond loan with warrants for a maximum amount of FIM 25,000,000 (approximately EUR 4.2 million) to employees. The bond loan included a total of 7,500,000 share warrants, which entitle holders to subscribe for a maximum of 7,500,000 shares. The loan period was three years, and it carried an annual interest of 4%. The loan including the interest was repaid in one instalment on 17 May 2002. According to the terms and conditions of the bond, part of the loan was redeemed following the termination of some employment contracts.

The total number of share warrants listed on 17 May 2002 was 6,159,300. Each share warrant entitles the holder to subscribe for one share. The warrants are exercisable during the period from 17 May 2002 through to 17 May 2005. A maximum of 6,159,300 shares can be subscribed for such that the share capital is increased by a maximum of EUR 20,941,620, which corresponds to 0.7% of the share capital at the end of 2002. By the end of 2002, a total of 148,380 shares were subscribed for and entered into the trade register.

The subscription price of the shares with the share warrants was EUR 4.36 at the beginning of the listing. The dividend paid by Fortum Corporation each year will be deducted from the subscription price. The shares subscribed for entitle the holder to a dividend for the accounting period during which the subscription was made. This arrangement covers approximately 1,850 persons.

SHARE OPTION SCHEME FOR KEY EMPLOYEES (2001)

In 2001, a resolution was passed to issue a maximum of 24,000,000 share options to key employees of the Fortum Group and to a wholly owned subsidiary of Fortum Corporation. Of the total number of share options, 8,000,000 were marked with the letter A and are exercisable from 15 October 2005 through to 1 May 2007, 8,000,000 were marked with the letter B and are exercisable from 15 January 2006 through to 1 May 2007 and 8,000,000 were marked with the letter C and are exercisable from 15 April 2006 through to 1 May 2007. However, the exercise period does not commence for any share options unless the performance of the shares on the Helsinki Exchanges between 2001 and 2004 has at least matched that of the Dow Jones STOXX 600 Utilities Index, and unless the average profit per share for the four successive years beginning on 1 January 2001 is at least 105 per cent of the average profit per share for the financial years from 1998 through to 2000, adjusted for exceptional entries.

In March 2002, a total of 2,525,000 non-transferred share options marked with the letter A were cancelled, a total of 212,500 non-transferred share options marked with the letter B were cancelled, and all of the 8,000,000 non-transferred share options marked with the letter C were cancelled. The subscription price of the share options marked with the letter A will be the volume-weighted average price of the shares on the Helsinki Exchanges during the period from 1 April 2001 through to 31 March 2005 and for the share options marked with the letter B, the volume- weighted average price of the shares during the period from 1 October 2001 through to 30 September 2005. However, the subscription price for all the share options will be decreased by twice the percentage amount by which the performance of the shares on the Helsinki Exchanges exceeds the performance of the Dow Jones STOXX 600 Utilities Index during the period the subscription price of the share options is determined. The subscription price will, however, be a minimum of EUR 4.47. Any dividends paid by Fortum Corporation after the beginning of the period for determination of the subscription price but prior to the subscription of shares will be deducted from the subscription price. On the basis of the share options, a total of 13,262,500 shares can be subscribed for such that the share capital is increased by a maximum of EUR 45,092,500. The shares subscribed for under this share option plan will entitle their holders to dividends for the financial year during which the subscription is made. This scheme covers approximately 350 persons.

SHARE OPTION SCHEME FOR KEY EMPLOYEES (2002)

In March 2002, a resolution was passed to issue a maximum of 25,000,000 share options to key employees of the Fortum Group and to a wholly owned subsidiary of Fortum Corporation. Of the total number of share options, 12,500,000 are marked with the letter A and are exercisable from 1 October 2004 through to 1 May 2007, and 12,500,000 are marked with the letter B and are exercisable from 1 October 2006 through to 1 May 2009. The Board of Directors resolved to distribute a total of 11,378,000 share options marked with the letter A to the key employees of the Fortum Group. The remaining 1,122,000 share options marked with the letter A and all share options marked with the letter B will be granted to Fortum Assets Oy, a wholly owned subsidiary of Fortum, to be distributed later to the key employees of the Fortum Group.

A total of 25,000,000 shares can be subscribed for pursuant to the share options such that the share capital is increased by a maximum of EUR 85,000,000. The subscription price of the share options marked with the letter A will be EUR 5.73 (the volume-weighted average price of the shares on the Helsinki Exchanges during the period from 1 January 2002 through to 31 March 2002). The subscription price of the share options marked with the letter B will be the volume-weighted average price of the shares on the Helsinki Exchanges during the period from 1 January 2003 through to 31 March 2003. Any dividends paid after the beginning of the period for determination of the subscription price but prior to the subscription of shares will be deducted from the subscription price. The shares subscribed for under this share option scheme will entitle their holders to dividends for the financial year during which the subscription was made. At the end of 2002, this scheme covered some 350 persons.

› Other convertible bond loans, bonds with warrants, and unused authorisations

Fortum Corporation has issued no other convertible bonds or bonds with attached warrants, which would entitle the bearer to subscribe for Fortum shares. The Board of Directors of Fortum Corporation has today no unused authorisations from the General Meeting of shareholders to issue convertible bond loans or bonds with warrants, increase the company's share capital or acquire the company's own shares.

SHAREHOLDERS AS OF 31 DECEMBER 2002

Shareholder	No. of shares	Holding, %
Finnish State	513,928,606	60.77
Ilmarinen Mutual Pension Insurance Company	13,844,800	1.64
Social Insurance Institution	12,753,696	1.51
The municipality of Kurikka	6,203,500	0.73
Varma-Sampo Mutual Pension Insurance Company	5,402,000	0.64
Fortum Pension Foundation	5,034,952	0.60
The State Pension Fund	3,500,000	0.41
Suomi Mutual Life Assurance Company	3,307,500	0.39
Pohjola Non-Life Insurance Company Limited	3,000,000	0.35
LEL Employment Pension Fund	2,594,583	0.31
Nominee registrations	170,722,004	20.19
Other shareholders in total	105,468,314	12.46
Total number of shares	845,759,955	100.00

BREAKDOWN OF SHARE OWNERSHIP AS OF 31 DECEMBER 2002

By number of shares owned

No. of shares	No. of share-holders	% of share-holders	No. of shares	% of share capital
1- 100	3,100	5.93	213,584	0.03
101 - 500	21,316	40.79	5,703,351	0.67
501 - 1,000	15,454	29.57	10,099,245	1.19
1,001 - 10,000	11,731	22.45	29,003,601	3.43
10,001 - 100,000	537	1.03	13,723,787	1.62
100,001 - 1,000,000	94	0.18	31,497,391	3.72
1,000,001 - 10,000,000	19	0.04	52,694,424	6.23
over 10,000,000	4	0.01	702,739,136	83.09
	52,255	100.00	845,674,519	99.99
Unregistered/uncleared transactions as of 31 December 2002			85,436	0.01
Total			845,759,955	100.00
of which nominee registrations			170,722,004	20.19

By shareholder category

	% of share capital
Finnish shareholders	
Corporations	1.2
Financial and insurance institutions	3.5
General government	68.3
Non-profit organisations	1.1
Households	5.6
Non-Finnish shareholders	20.3
Total	100.0

› Proposal for the Distribution of Earnings

The Group's non-restricted equity and distributable equity as of 31 December 2002 amounted to EUR 2,810 million. The parent company's distributable equity as of 31 December 2002 stood at EUR 900,079,167.90.

The Board of Directors proposes that Fortum Corporation should pay a dividend of EUR 0.31 per share, totalling EUR 262.2 million. The remainder of the distributable reserves will be carried over to retained earnings.

Espoo, 12 February 2003

Matti Vuoria

Birgitta Kantola

Antti Lagerroos

Erkki Virtanen

Heikki Pentti

Lasse Kurkilahti

Hans von Uthmann

Mikael Lilius
President and CEO

› Auditors' Report

To the shareholders of Fortum Corporation

We have audited the accounting, the financial statements and the corporate governance of Fortum Corporation for the period from 1 January to 31 December 2002. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the President and CEO. Based on our audit we express an opinion on these financial statements and on corporate governance.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the Financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. The purpose of our audit of corporate governance is to examine that the members of the Supervisory Board and the Board of Directors and the President and CEO have legally complied with the rules of the Companies' Act.

In our opinion, the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act of both the consolidated and the parent company 's result of operations as well as of the financial position. The financial statements with the consolidated financial statements can be adopted and the members of the Supervisory Board and the Board of Directors and the President and CEO of the parent company can be discharged from liability for the period audited by us.

The proposal by the Board of Directors regarding the distributable funds is in compliance with the Companies Act.

Espoo, February 12, 2003

PricewaterhouseCoopers Oy
Authorised Public Accountants

Pekka Kaasalainen
Authorised Public Accountant

› Statement by the Supervisory Board

The Supervisory Board has reviewed Fortum Corporation's income statement, balance sheet, notes to the financial statements, consolidated financial statements, report on activities, and the Board of Directors' proposal contained in the latter for the distribution of earnings, and the auditors' report provided by the Company's auditors. The Supervisory Board has no comments to make on these. The Supervisory Board recommends that the income statement, balance sheet and consolidated financial statements be approved and concurs with the Board of Directors' proposal for the allocation of profit.

The Supervisory Board is satisfied that its decisions and instructions have been followed and that it has received adequate information from the Board of Directors and the Company's management.

Espoo, 25 February 2003

Leena Luhtanen

Henrik Aminoff	Tuija Brax	Klaus Hellberg
Rakel Hiltunen	Harri Holkeri	Jorma Huuhtanen
Mikko Immonen	Kimmo Kalela	Tanja Karpela
Matti Vanhanen	Ben Zyskowicz	

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