



Annual Report 2002



Cover work

Sari Bremer:

Anekhesenpepi

Etching-aquatint, 35 x 15 cm

Completed 2002

Inspired by nature and natural forces

Artist Sari Bremer, born in 1976, graduated from University of Art and Design Helsinki UIAH with a Master of Arts in 2001. She has also studied in France, Ireland and Scotland.

Sari Bremer is inspired by nature and natural forces. Animals from the savannah and the diverse creatures from the ocean feature equally in her paintings. The animal figures chosen for her works also call to mind endangered species.

"When I start on a work, the figures are concepts in my mind. A work can be based on a colour or world of colour," explains Sari. "Details take shape as the work progresses and the result can sometimes be quite different to the original idea."

Gasum and Sari Bremer's paths crossed in late 2001. With the help of the Society of Finnish Graphic Artists, Gasum set out to discover a young artist whose works could be bought for gifts and for the company's offices. Gasum has also sponsored Bremer's exhibition work.



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Gasum – the leading innovator on the natural gas market

Gasum Group today

- Imports natural gas and markets and sells it in Finland.
- Transmits and distributes natural gas in its own pipelines to customers.
- Provides natural gas planning, construction, maintenance, installation and other services for its customers.
- 9 offices.
- 1000 km of natural gas transmission pipeline, length of distribution pipeline 345 km.
- The Group comprises the parent company Gasum Oy and subsidiaries Suomen Kaasuenergia Oy, Helsinginkäsu Oy and Gas Exchange Ltd.

Financial indicators for 2002

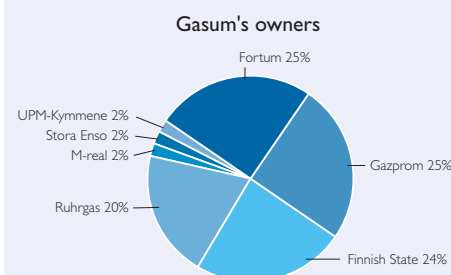
- Sales of natural gas 43.02 TWh
- Turnover €581 million
- ROCE after taxes 8.3%
- Equity ratio 54.9
- Balance sheet total €568 million
- Investments 26.1 million

Future aims

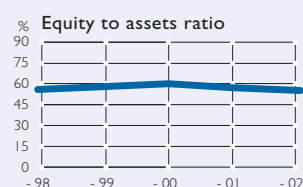
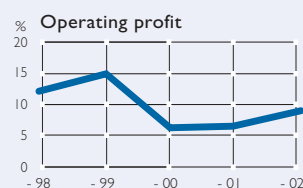
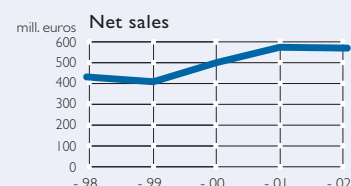
- To diversify our business by drawing on our core expertise for the benefit of our customers. To be at the forefront of innovation on the natural gas market in Finland.
- To double the volume of natural gas we sell by 2020. We expect the use of natural gas to exceed 50 TWh by 2007.
- To develop all our operations to sustain outstanding customer satisfaction.
- To act responsibly towards our employees and to be a good corporate citizen.
- To keep our finances on an even keel to achieve our aims.

Formulae for the key financial indicators:

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

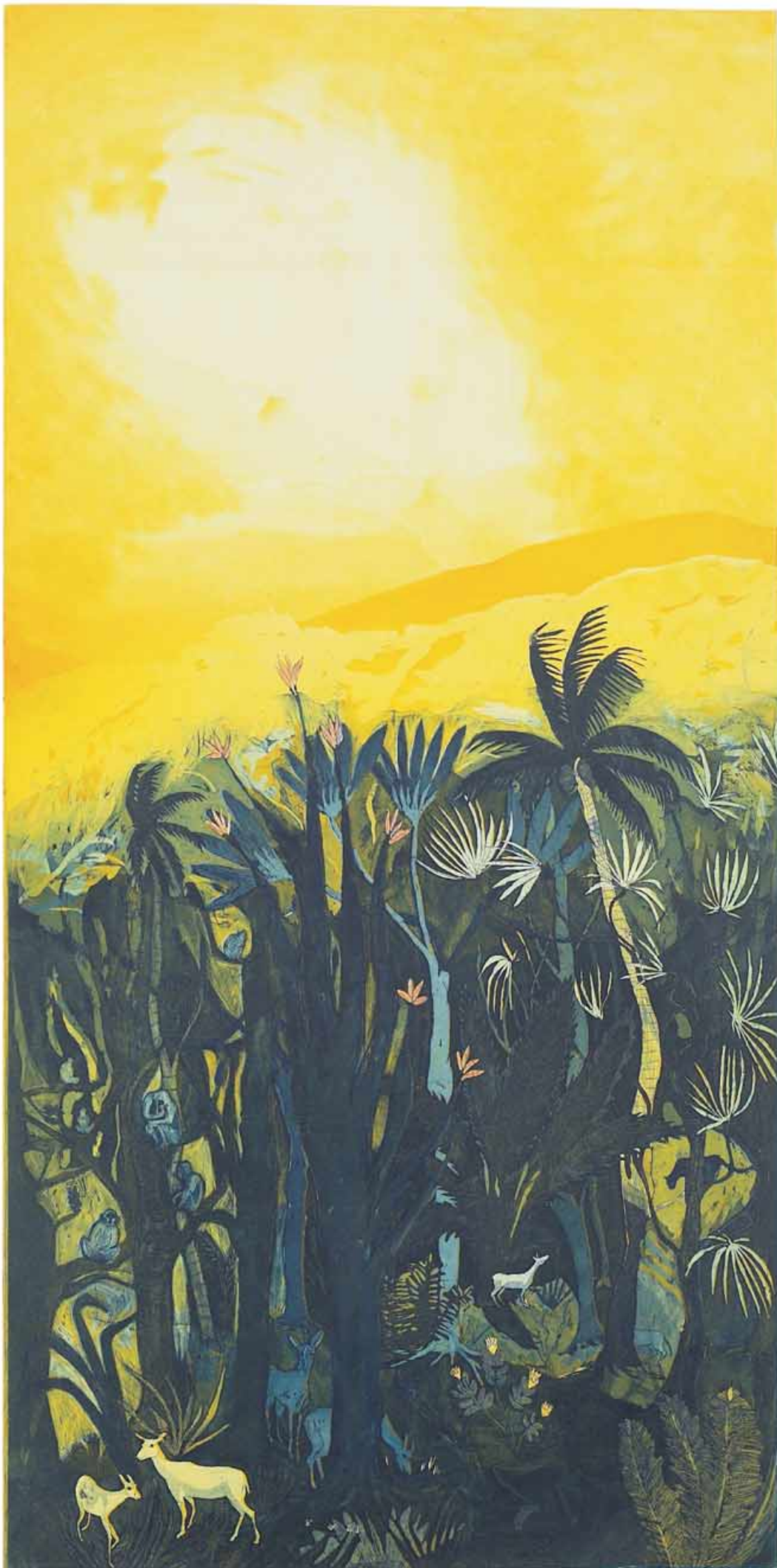


Selected Financial Information



Sari Bremer:
Varas temppelissä
Etching-aquatint
55 x 110 cm
Completed 2002

The illustrations
in the annual report
are based on details of
the Varas temppelissä
(Thief in the Temple)
work.



Chief executive officer's review



We consider it important for natural gas to maintain a strong position in Finland. To combat climate change, we need to further increase the share of natural gas in the fuel spectrum. A growing need for heat, the replacement of outdated power plants and an extension of the natural gas catchment area to West Finland – this is the platform on which we see the potential to double the use of natural gas.

Natural gas is ideal for applications requiring heating since the heat needs to be produced close to its point of use. Compared to plants using solid fuel, gas driven combined cycle cogeneration (CHP) plants generate more low cost electricity. As far as gas grid development is concerned, the best applications are those with steady consumption.

Technically, natural gas is also an excellent fuel in condensing electricity production. On the pan-Nordic electricity market, huge fluctuations in the availability of hydropower result in high annual and seasonal fluctuations in the competitiveness of condensing electricity production. This in turn is a challenge to gas producers' pricing.

Continual price competitiveness is one of the principal factors affecting any increase in the use of gas. The natural gas supplier seeks to increase natural gas sales in Finland and to this end is committed to ensuring price competitiveness. Government decisions on energy taxation, support for renewable forms of energy or emissions trading also affect the attractiveness of natural gas. A quadrupling of natural gas consumption in Finland over the past 20 years bears testimony to the fact that our customers consider natural gas to be a competitive option.

The initial allocation of national emissions rights should seek to make natural gas an economical alternative for CHP plants. The existing impact of energy taxation should be retained until the price of emissions rights is known. We should ensure that there is no rise in greenhouse gas emissions in Finland.

Our estimates indicate that replacing ageing power plants with new gas powered CHP plants would produce almost 1700 MW of back-pressure electricity, almost half of this would be net increase. New natural gas powered CHP plants would give rise to around 2 million tonnes less CO₂ emissions a year than the plants they replace. Their high efficiency rate means the new plants would also displace condensing power production, which in turn would further cut CO₂ emissions by almost 3 tonnes a year. In all, emissions would fall by around 5 million tonnes a year, or by nearly 10 per cent of all carbon dioxide emissions deriving from burning fossil fuels and peat.

Natural gas supplies to Finland have flowed without a hitch. Working together with our customers, we have prepared for potential disruptions to the gas supply by a constant readiness to switch to the use of reserve fuels and alternative means of producing heat and electricity. We have preliminarily studied the feasibility of linking up the Finnish and Estonian gas grids and the ensuing potential this would provide to develop Latvian gas supplies to meet our needs. Shipments of liquefied natural gas (LNG) to Finland may also become commercially viable. Naturally any link to the Baltic Sea gas pipeline currently under development would provide added supply reliability. In addition, we should also safeguard existing arrangements and keep old coal plants as a slow reserve.

We are carrying out corporate social responsibility assessments. On the financial, environmental and social responsibility fronts, we have identified areas where we can further improve our operations on a platform of dialogue with stakeholders. We are also working on the coherence and objectivity required by social responsibility. We are convinced that this work will also benefit our customers.

In 2002, Gasum achieved the financial targets for business set by its owners. This paves the way for the investments needed to extend the natural gas grid, to strengthen transmission capacity and to maintain the required level of supply security. We consider it important that Gasum be allowed to make an adequate return on its natural gas business and that the reasonableness of this return be evaluated with regard to the entire integrated business.

Gasum's main businesses are the import, wholesale sales of natural gas and natural gas grid transmission activities. The performance of these was put to the test during the extremely cold months at the turn of the year. Gasum passed the test with flying colours: not only were we able to successfully deliver without interruption the volumes of gas customers had ordered in advance, but also up to 20 per cent extra gas each day. Other major achievements during the year included the restructuring of local distribution activities, enhanced operations, the creation of the Gasum Energiapalvelut (Energy Services) concept and a facility for our customers to hedge against the price of natural gas. These are the areas we need to continue to focus on.

I would like to thank all Gasum Group employees for their contribution to the progress made during 2002.

Espoo, 18 March 2003

Antero Jännes, CEO



Natural gas market in 2002

Despite exceptional weather during 2002, we sold almost as much natural gas as during the previous year. A mild start to the year, followed by a record long hot summer and prolonged warm autumn resulted in a fall in the consumption of natural gas.

However, towards the end of the year consumption greatly surpassed that of 2001 when electricity prices on the Nordic Power Exchange rose in the wake of an unusually dry summer and autumn. Use of natural gas in electricity production rose and more district heat than normal was generated during the exceptionally cold weather towards the end of the year. No new major natural gas driven plants came on stream during 2002.

Key figures:

- Sales of natural gas 43.02 TWh
- Average share of extra gas, 7%
- Share of secondary market gas of total consumption, 0.8%
- Share of natural gas of total energy consumption in Finland, 11%
- Share of natural gas used in electricity production in Finland, 11%
- Share of natural gas used in district heat production in Finland, 36%

CHP production still most important

Combined heat and power (CHP) production in industrial and municipal power plants still accounts for most of the natural gas used in Finland. Gasum sold 46 per cent of natural gas to energy companies for electricity and district heat production and for local distribution purposes. Natural gas accounts for the largest share of fuel in individual district heat production.

Almost half the volume of natural gas is used by industry, which uses it mostly for CHP and in various processes. Principal users are the forest industry and the chemical industry, which accounted for around 30 per cent and 10 per cent respectively of total annual natural gas consumption. Although production volume in the Finnish forest industry was slightly down in 2002, this had no material impact on natural gas sales.

More natural gas for electricity production

The share of natural gas in Finnish electricity production rose slightly compared to the previous year. Natural gas was used to produce more condensing power than in 2001. During the year under review, condensing power accounted for six per cent of total annual natural gas sales.

The market price of electricity rose sharply in October, when efforts were made to deploy all reserve power plant

capacity. At this time, the demand for natural gas far exceeded the gas volumes ordered by customers by annual contract. To respond to this increase in demand, Gasum offered M2002 tariff customers an opportunity to review their seasonal capacity.

Marketing support for local distribution

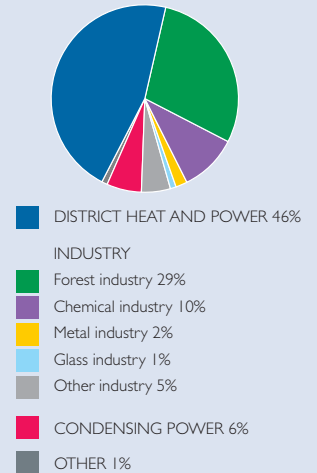
Local distribution accounts for just under five per cent of the total consumption of natural gas. To support local distribution activities, Gasum offered, through its distributors, 500 cubic metres of free natural gas between January and October to all new natural gas users from householders upwards. The campaign was launched at the start of 2002 and by the end of October, the 17 local distribution companies involved had secured 233 new gas customers.

A demonstration trailer designed to meet the marketing needs of local natural gas distribution companies was on show during the Finnish Natural Gas Association's spring event. Gasum Group worked with the Association to develop the trailer. The trailer featured an exhibition of natural gas appliances for various uses and examples of how the appliances could be fitted. All members of the Finnish Natural Gas Association can hire the trailer at cost price. During 2002, the trailer was on show at many events within the natural gas catchment area including Lohja, Porvoo, Valkeala, Hämeenlinna, Hamina and the Tampere Energy Fair.

Additional pricing options

The new M2002 natural gas tariff came into force at the start of 2002 and takes into account the experiences of the M2001 tariff, which was revised in compliance with the Finnish Natural Gas Market Act and in response to suggestions for improvement from customers and the authorities. The tariff will be valid in its pre-

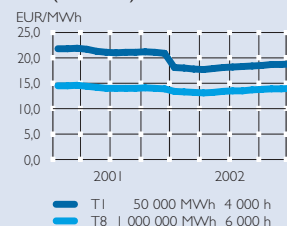
Gasum's natural gas sales 2002



How has the price of natural gas evolved?

The price of natural gas has been very stable. It is index linked to the price of oil and coal and the home market energy index. Since the oil price index is calculated using the six-month average, the price of natural gas does not fluctuate quite as dramatically as the price of oil.

Natural gas tariff prices (excl. tax)



T1 depicts a customer using natural gas primarily for heating purposes and whose natural gas consumption is under 50 GWh a year.

T8 is a large industrial company or power plant with a fairly steady need for natural gas throughout the year and whose natural gas consumption is around 1000 GWh a year.



Microturbine in test use

Together with the Technical Research Centre of Finland (VTT), the National Development Agency (Tekes) and Fortum, Gasum is working on a development project to test natural gas powered microturbines. Microturbines are an option particularly for distributed energy production. The Turbec microturbine being tested has a power capacity of 100 kW and an output of 160 kW. The turbines are typically located within the same shell.

VTT's project manager **Pia Salokoski** became involved in the project at the turbine acquisition stage in spring 2002. "I'm responsible for testing the microturbine and for reporting the results. We're mostly studying turbine dependability and monitoring the emissions arising," says Pia. "The electricity and heat produced by the microturbine will be used in VTT's premises at Biologinkuja 5. The turbine now being tested is the only one of its kind in Finland and over 100 in operation worldwide."

sent form until 2005. Some wholesale natural gas is still sold according to earlier pricing tariffs and separate long-term contracts.

We seek to further improve natural gas pricing by creating different types of products at various prices to meet customers' needs. The addition of pricing components enables us to better serve our customers from the aspect of price.

In 2002, we developed natural gas price hedging systems. The pricing option Gasum offered its customers in December contained hedging against changes in the price of oil and immediately stimulated customer interest. The new hedging facility will be offered monthly throughout 2003.

Secondary market in line with expectations

The secondary market accounted for 0.8 per cent of natural gas use in Finland. A total volume of 340 GWh of natural gas was traded on the secondary market. In this context, secondary market means the trading among natural gas users themselves of unused natural gas that they have originally bought for their own use from the wholesale market. Around 88 per cent of trading on the secondary market takes place online on the Gas Exchange. Gas Exchange Ltd is a subsidiary of Gasum.

Study of local distribution potential in the Turku region

Gasum continued planning of the envisaged extension of the natural gas pipe-

line to the west of Finland. Given the energy market, Gasum expects that natural gas could be in use in the Turku economic zone by 2008 at the earliest. Potential use is 5 TWh a year. This is the volume required for the pipeline to be viable. Most of the potential lies in district heat and related power generation. A natural gas power plant would replace ageing coal fired power plants currently in use.

Gasum and Evanes, a subsidiary of Turku Energy, also explored the potential of the local distribution of natural gas in South-west Finland. Applications include greenhouses, industrial processes, bakeries, heating plants and the direct heating of industrial and similar premises. Although the volume of gas in local distribution is not that large, the potential use of natural gas is of major importance for the development of the Turku economic zone.

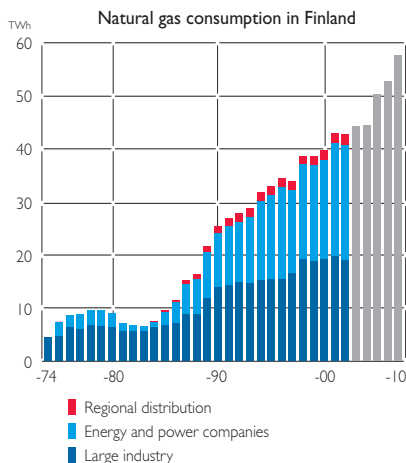
Enhanced possibilities to use natural gas

Gasum delivers liquefied natural gas from the liquefaction plant in Porvoo to customers in Finland and Sweden for testing and research purposes. Biogas plants in Sweden use natural gas as a reserve fuel. A new record was achieved in sales of liquefied natural gas in 2002, with total sales approaching 1,000 tonnes, around 80 per cent of which was exported.

In models prepared for the national climate programme, the Ministry of Trade and Industry estimated that the share of natural gas of Finland's energy balance sheet would rise from a present figure of 11 per cent to 16 per cent by 2020. This is in line with Gasum's own estimate. A 16 per cent share of the energy balance sheet means a doubling of present volumes.

Combined heat and power production continue to offer growth potential both in the existing catchment area and in industry, especially in municipal power plants. The prospects are also encouraging for local distribution. The aim is to increase local sales by one third by 2007.

Gasum has prepared for greater use of natural gas by launching planning projects to extend the natural gas grid and by restructuring the price of natural gas in line with market development.



Source: Gasum and the Finnish Natural Gas Association

Local distribution network grows in Helsinki

Gasum's subsidiary, Suomen Kaasuenergia Oy, is responsible for natural gas sales and distribution services in Lohja, Siuntio, Porvoo, Kotka and Helsinki. Suomen Kaasuenergia reported a rise of some 36 per cent in the volume of gas sales in 2002. The company continued marketing natural gas in Lohja and extended its distribution areas in Porvoo and Siuntio.

In Kotka, the natural gas grid was extended in the Laajakoski district. This extension was carried out as a joint project with the local water cooperative and the town and resulted in the mains water system, sewer system and natural gas grid being laid at the same time. Similarly in Kotka, further work on extending the use of natural gas in Mussalo harbour resulted in almost all the halls there now being heated by natural gas.

Use of natural gas increased in Helsinki, especially in kitchens, with gas appliances being acquired by restaurants and private homes alike. Suomen Kaasuenergia developed a new fixed-rate annual price for gas cooker users.

The natural gas grid was extended in the Kumpula district of Helsinki and basic repair work was carried out to the grid in Herttoniemi and east Helsinki. Towards the end of the year, work started on pipeline building in the Helsinki districts of Puistola and Suutarila, where natural gas is to be provided as an industrial fuel. Since the distribution network is being built in the vicinity of an area of small houses in Puistola, Suomen Kaasuenergia is marketing natural gas as a heating fuel to local householders.

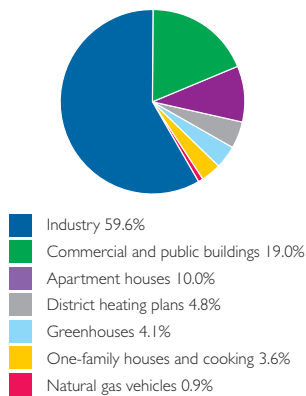
New product in the form of heat sales

Another Gasum subsidiary, Helsinki-kaasu Oy, added the production and sale of heat and steam to its suite of installation, building and repair services.

Natural gas has been chosen as the form of heating for a new residential area in Sundsberg, Kirkkonummi. Helsinki-kaasu is responsible for heat production and sales. By year-end 2002, heating capacity was available for 26 semi-detached houses. Two more heating plants will be built in the area during 2003.

Good progress was made with appliance sales in 2002. The range of appliances includes heating boilers, pressure reduction equipment and restaurant appliances. The installation of service pipelines accounted for the majority of sales of construction and installation services.

Natural gas by local distribution in Finland



Source: Finnish Natural Gas Association



2002 Natural Gas Deed award for Helsinki City Transport bus traffic

HTC bus traffic received the Finnish Natural Gas Association's 2002 Natural Gas Deed award for strategically increasing the number of natural gas powered buses in public transport in Helsinki. The addition of 32 new natural gas buses in the spring considerably raised the profile of natural gas powered buses in the centre of Helsinki, where there are 77 natural gas powered buses in use. Gasum added to the capacity of its filling station in response to increased use.

At year-end 2002, there were over three million natural gas powered vehicles in operation throughout the world. Of these, 400,000 were in Europe and in the United States one in three new buses acquired is natural gas powered.



Natural gas supply

The supply of natural gas in Finland is based on a 20-year contract signed in 1994. The natural gas imported into Finland accounts for around one per cent of Gazprom's gas production. The creation of new transmission links are diversifying the possibilities to obtain natural gas.

Key figures:

- Imports in 2002: 4.3bn m³
- Largest daily volume imported (28 Dec): 19.9m m³
- Average daily volume imported in winter: 16m m³
- Cumulative purchase 1974–2002: 60 337 937 271 m³
- Distance from production field: 3400 km

Use of natural gas can be increased considerably within the catchment area of Gasum's existing natural gas transmission pipeline. The availability of natural gas does not prevent greater use.

Gasum has a supply contract with Gazprom. The present contract is valid until 2014 and the supply price of natural gas takes into account the competitiveness of natural gas compared to that of other power plant fuels in Finland. The Russian energy market is in a state of development and the creation of new transmission links are diversifying the possibilities to obtain natural gas.

The natural gas imported into Finland accounts for around one per cent of Gazprom's gas production and exports to Europe for about five per cent. The existing transmission capacity to Finland allows for a marked increase in the use of natural gas. Natural gas imports are assured by the existence of at least two pipelines all the

way from the Siberian production fields to the Finnish border.

Gasum has addressed cooperation on many fronts in Finland's neighbouring territory with Gazprom's subsidiary Lentransgaz, which is responsible for the distribution and transmission of gas in the St Petersburg area. Lentransgaz has bought maintenance services from Gasum to service equipment at the Severnaja compressor station in the Karelian isthmus. This is the last compressor station before the Finnish border. Gasum has also reached agreement to carry out service work in 2003.

Natural gas has been and remains one of Russia's major currency earners. This means that both the Russian government and the vendor company Gazprom have clear interests in maintaining adequate production and transmission capacity and in adding to it. Efforts are being made on the Russian home market to raise the price of gas to bring it into line with production costs in a bid to obtain capital to maintain the transmission and distribution network.

In 2002, Gazprom announced it wanted to move forward with the construction of a natural gas pipeline via the Baltic Sea and to this end joined Fortum in actively seeking

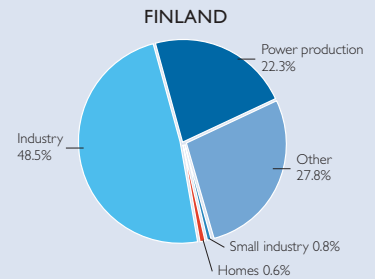
European partners for the venture. The project also now included the possibility of extending the natural gas pipeline to the British Isles. This so called northern transmission link is also an EU TEN project.

World natural gas reserves

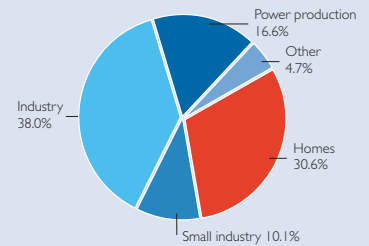
BP's statistical review of world energy published in June 2002 showed proved world natural gas reserves as lasting for around 62 years. According to the review, proved gas reserves totalled 155,000 billion cubic metres. Aside from these reserves, there are also several areas where geological information indicates there to be with reasonable certainty additional natural gas reservoirs. Cedigaz, the international association for natural gas, estimates that proved and probable natural gas reserves enable natural gas to be used at present consumption rates for 170-200 years.

Around one third of all known global natural gas reserves are found in Russia. In 2002, Gazprom produced 521.9 billion cubic metres of natural gas, 36 billion cubic metres of which were from new wells. Gazprom's production target for 2003 is 531.7 billion cubic metres.

Natural gas sales by sector



EU Member States

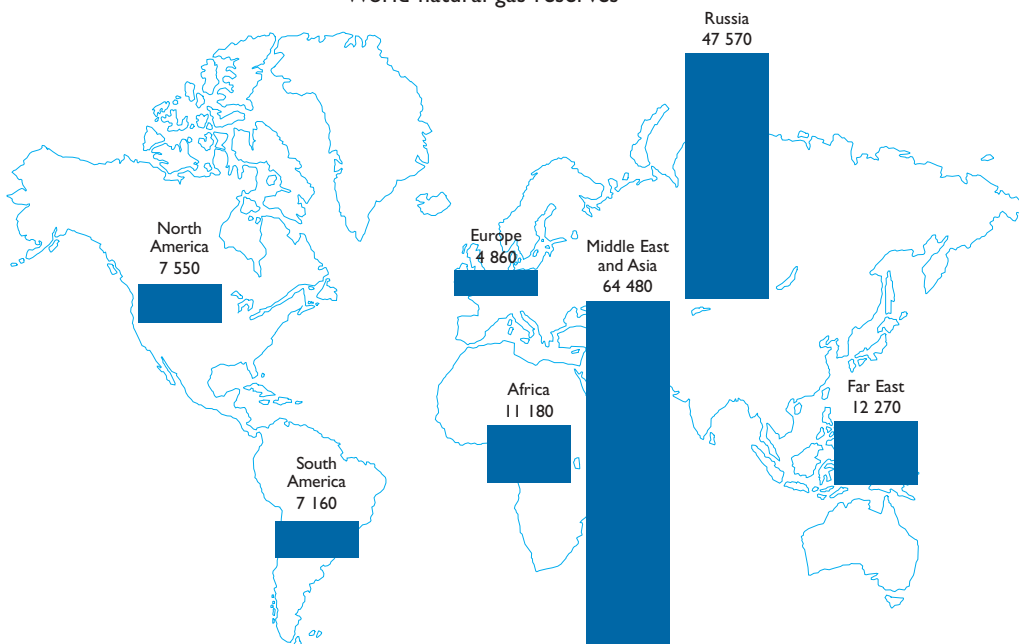


Source: Eurogas (2001)

Other: District heat and CHP heat

Power production: Condensing and CHP power

World natural gas reserves



At the end of last year, proved gas reserves totalled 155,000 billion cubic metres.

Source: BP



Operation of the transmission system

Operation of the natural gas transmission system ensures Gasum's customers receive the amount of natural gas they require. In 2002, Gasum brought upgraded automation systems into use at the Imatra compressor station. Contacts were improved with Lentransgaz, which is responsible for the transmission of natural gas to Finland.

Towards the end of the year, the consumption of natural gas greatly exceeded the volumes ordered by customers in their annual contracts. This particularly challenged the system operators. Between Christmas 2002 and the New Year, for example, at times Gasum supplied as much as 20–30 per cent more gas than that ordered.

Key figures:

- Connections from Gasum's transmission pipeline 192
- Highest average hourly flow 28 December between 10.00 hours and 11.00 hours 887,818 m³/hour
- Number of interruptions in transmission pipeline: 1, duration of interruption about 1 minute
- Energy not delivered as a % of energy transmitted via the system, 0.002%

The monitoring and remote control system is the most important tool in running the natural gas system. The monitoring system collects data about pressures, temperatures, flows and various status and alert data. The remote control system runs the compressors, thus keeping pipeline pressure under control. Additional pressure can also be bought from the Russian gas supplier. Compressor use depends on the volume of gas sold, the distribution of use in the transmission pipeline and the incoming pressure at Imatra. The most suitable compressors are brought into use for transmission taking into account fuel economy and environmental impacts.

The highest normal natural gas delivery pressure agreed on a delivery-specific basis is 24 bars. Subject to separate agreement, Gasum can supply gas at a higher pressure.

New automation system generates cost-effectiveness

In 2002, Gasum replaced the older automation systems at the Imatra compressor stations. Under the new concept, almost all automation functions have been integrated into the remote control system. There is a separate system only for adjustments to the gas turbine and natural gas compressor. Work on replacing the automation systems at Valkeala will begin in 2003.

The structure of the new system has resulted in lower overall costs and improved system integration. Compared to earlier, the systems provide more measuring and transaction data to support maintenance monitoring, operation and fault finding and less to maintain the systems. The operating terminals and information systems were also replaced.

Gasum's measuring instruments verify not only the volume of natural gas arriving in Finland but also the amount of natural gas delivered to Gasum's customers. The volume and calorific value of natural gas is measured to verify the volume of gas delivered. The monitoring system collects data about the consumption of natural gas for invoicing and grid operation purposes. The volumes of gas for invoicing are recorded by delivery site at one-hour balancing periods.

Enhanced cooperation with gas supplier

Gazprom's subsidiary Lentransgaz is responsible for the transmission of natural gas to Finland's neighbouring territories and has a pipeline network starting some 300 km to the east of St Peterburg. As the operator responsible for the system in Finland, Gasum is responsible for the compatibility of technological methods with those of Lentransgaz's system. Gasum is actively improving links with Lentransgaz. At the moment, the information exchange system transmits data by the minute about the operation of Lentransgaz's system at two-hourly intervals. Additionally, there is also a real-time chat channel that can be used to exchange information between employees. As the transmission network on the Russian side comes under automatic remote control, Gasum will have better chances to monitor the status of the Russian transmission system.



Is Finland's transmission capacity adequate?

The natural gas transmission system is being extended in response to customer needs. The technical capacity of the existing transmission grid has been measured with a view to satisfying existing contracts.

Gas supply and retail sales are based on annual order contracts made by customers. However, customers can also be supplied with gas over and above this amount without the need for a separate order.

When demand for natural gas exceeds imports or the pipeline's transmission capacity, Gasum controls the transmission grid by reducing the use of gas exceeding that in the annual contract through higher prices. The price of additional energy is raised if imports are insufficient to satisfy the extra demand. The price of additional transmission is raised if Gasum's transmission system is unable to accommodate the extra volume. Some natural gas customers have an interruptible use contract, which means they have to temporarily switch to using another fuel if requested.

Grid maintenance and development

Gasum is responsible for ensuring capacity adequacy and reliability in the natural gas transmission system in Finland. This is ensured by monitoring, maintenance and planning and building the additional transmission capacity required.

The year 2002 saw the replacement of compressor station automation, the necessary radio link network for remote control and the inclusion of 20 km of new pipeline being brought under the internal inspection system. In June, a start was made on moving the natural gas pipeline from out of the way of the new straight section of the Kerava-Lahti railway line.

Basic planning of the envisaged natural gas pipeline extension to the Turku economic zone was completed. A start was made on the basic planning of two parallel pipelines.

Key figures:

- Transmission pipeline length 999.7 km
- Pressure reduction stations 128
- Compressor units 9
- Investments €26.1 million

The condition of the transmission pipeline is tracked through lifetime analyses, which can be used to assess the needs for replacement. In 2002, Gasum embarked on a project to develop a lifespan assessment and property management system. The maintenance costs of the transmission grid are estimated over a period of 50 years into the future. The new system facilitates use of the current working value investment estimates of the transmission grid as a basis for calculating the transmission tariff and in the management of property for bookkeeping purposes. Work on testing the system began in February and there are plans to start using it in May 2003.

New pipelines brought under internal inspection system

A further 20 km of natural gas pipeline were brought under the internal inspection system during 2002, when Gasum built new pig launchers and receivers, or pig traps, for inspection gauges in Lappeenranta and Mussalo. Internal pipeline inspection takes place using pipeline inspection gauges or pigs. Installation facilities were built on the pipelines to allow the use of mobile pig traps. In 2003, work will continue on building pig traps in Vuosaari in Helsinki, where work is scheduled for Midsummer.

Modification work was carried out at pressure reduction stations in Tervakoski, Masala in Kirkkonummi and in Valkeakoski to increase capacity to meet the needs of new customers.

Planning, testing and deployment of the new automation systems at Imatra was largely carried out using Gasum's own resources.

Gasum's natural gas grid is monitored by a remote control system. Data transmission mostly takes place using Gasum's own radio link network, which was upgraded during the year by replacing the oldest radio equipment with new radio modems. The switch to modems is being made owing to the gradual expiry of the validity of Gasum's frequency licences.

Changes are in the pipeline in natural gas measurement system standards. In this connection, Gasum is updating its measuring instruments and the measuring instrument laboratory. Work to this end commenced during 2002. Gasum calibrates and services its own gas measuring instruments and those of its customers.

A major pipeline project during 2002 was moving the natural gas transmission pipeline from out of the route of the new straight section of the Kerava-Lahti railway line. The pipeline is being moved in three places, the longest of which is about 6 km in the north of Mäntsälä. The new stretches of pipeline will be connected to the transmission pipeline one at Midsummer 2003, after which the existing section of pipeline can be decommissioned. Finnish Rail Administration compensates Gasum for the costs of moving the pipeline.

Extension to parallel pipeline system

Extension of the natural gas pipeline to western Finland and projects underway in the existing natural gas catchment area call for reinforcement of the pipeline transmission capacity by extending the existing parallel pipeline system. Basic planning of a parallel pipeline between Hirvikallio and Kymijoki was completed during 2002. A decision was made to continue the project and a start was made on detailed planning of the stretch of pipeline between Pajari and Kymijoki. A decision to build will be made in autumn 2003.

Growing consumption of natural gas in the Helsinki Metropolitan Area calls for a reinforcement of the Helsinki branch of the pipeline. To this end, work started on

the basic planning of a parallel pipeline between Mäntsälä and Kerava. Basic planning was completed in the autumn. The current year will see basic planning of a parallel pipeline between Kymijoki and Niinikoski and includes a preliminary route plan for a parallel pipeline to Mäntsälä. These projects enable a gradual improvement to the natural gas grid to ensure adequate transmission capacity to meet gas needs far into the future.

Western extension aimed at 2008

Basic planning of an extension of the natural gas transmission system to the Turku economic zone was completed in August 2002. Basic planning included a study of the urban planning situation, soil quality analyses, aerial mapping of the route, the technical measurement of equipment and environmental impact assessment. Gasum anticipates that a pipeline of 500 mm diameter is required to ensure adequate transmission capacity. This will also enable branch pipelines to be built to the Rauma and Pori area later. Basic planning also led to a cost estimate of the project. Gasum estimates it will cost €120 million to take the pipeline from Mäntsälä to Naantali. Gasum aims to deliver natural gas to Turku by 2008. To this end, a decision was taken in autumn 2002 to proceed with the next stage: land acquisition and redemption.



Gasum also provides maintenance services to its customers

In 2002, Gasum carried out gas turbine and pressure reducing equipment servicing and planning and construction work. Gasum and its subsidiaries provide maintenance, construction, installation and appliance sales services and heat or steam produced by natural gas. This suite of services is being put together under a new brand name, Gasum Energiapalvelut.

Customers satisfied with reliability of the gas supply

A customer satisfaction survey carried out among Gasum customers in 2002 asked what customers considered most important and how they ranked Gasum's performance in that respect. Customers considered reliability of the gas supply to be the most important issue and gave it 4.92 on a scale of 1–5. Customer satisfaction with Gasum's operations was measured using school grades. Reliable deliveries received a grade of 9.53.



Gasum and the community

Gasum seeks to further national wellbeing and the business conditions of its customers through the provision of natural gas and related services. Natural gas plays a major role as a fuel in industrial and municipal power plants. Finnish society needs reliable, safe deliveries of natural gas.

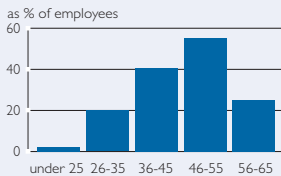
Gasum's most important stakeholders are its customers, employees, owners, the supervisory authorities and local residents within the natural gas grid catchment area. Collaboration with customers is described in the market review and owner interaction in the Board of Directors' report. Interaction with other important stakeholders is reported here.

Gasum has identified the adverse environmental impacts in transmission activities and is making every effort to reduce them. In 2002, Gasum became a signatory to the industrial energy savings agreement. Another point for development is to minimise the environmental impacts arising in grid construction.

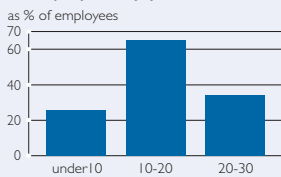
Key figures:

- Investments in the environment, health and safety €990,000
- Employee sick leave 1.8% of working hours
- Industrial accident frequency 4 per million working hours (accidents resulting in more than one day's absence)
- Methane emissions 358 tonnes
- Carbon dioxide emissions 57,802 tonnes

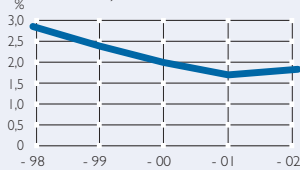
Employees by age



Employees by years of service

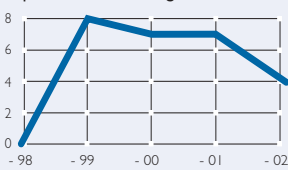


Sick leave, absentee rate %



The average industrial absentee rate through sickness in 2001 was 4.6.
(Source: TT)

Absences lasting more than one day through industrial accident per million working hours



The comparative figure in 2001 for Finnish companies pledged to the RC initiative was 17

employees have been more satisfied with their job and the company they work for than have employees of other benchmark companies.

The employee bonus scheme is based on the company's overall financial performance and on personal targets. During 2002, balanced scorecards were completed for each department in Gasum. These cards will be used as a basis to calculate the 2003 bonus.

Offices

Gasum has six offices. The largest employers are the Natural Gas Centre in Valkeala, with 61 permanent employees, and the head office in Espoo, with 34 employees. There are also most fixed-term trainees in these offices. The subsidiaries have offices in Helsinki, Kotka and Lohja.

Gasum makes every effort to notify local residents of the operations of its facilities. The safety bulletin of the Valkeala compressor station was revised in 2002. At Imatra, Gasum's office joined the local water cooperative.

Gasum seeks to sponsor local activities in the vicinity of its offices. Since 1993, the company has sponsored Valkealan Kajo ladies volleyball team. The sponsorship agreement was renewed during 2002 until 2004. In Valkeala, a contribution was made to establishing the Myllypuro nature trail in the vicinity of the Natural Gas Centre. In Espoo, Gasum sponsored FC Espoo football club and the Espoo SOS children's village. Gasum's subsidiary Suomen Kaasuenergia has sponsored a class in Sipoo. Nationwide, Gasum sponsors children's asthma camps run by the Finnish Pulmonary Association Heli.

Impact of transmission pipeline on landowners

There are tens of thousands of landowners within the catchment area of the natural gas transmission pipeline. Gasum redeems the right of access to pipeline areas and ownership rights to valve and pressure reduction station properties. The pipeline imposes some restrictions



Gasum employee of the year

Service engineer **Timo Markkanen** was voted Gasum employee of the year 2002. Timo works at the Natural Gas Centre in Valkeala in the electrical maintenance sales measurement team. He was chosen because he is a hardworking, positive, conscientious innovator, supporter and excellent musician. The Gasum employee of the year is chosen by previous Gasum employees of the year.

on use on some properties. In 2002, Gasum issued 108 written permits and statements in respect of land use and construction work taking place in the immediate vicinity of the natural gas pipeline. In addition, Gasum supervised numerous excavations on site.

Gasum published two brochures providing instructions for activities taking place in the immediate vicinity of the natural gas pipeline. The *Maakaasuputkiston rakentaminen* (Building the Natural Gas Pipeline) brochure was published in Finnish and Swedish and told about the natural gas grid, its building, land purchases and the restrictions on land use in the immediate vicinity of the pipeline. The *Muista maakaasulinja!* (Remember the Natural Gas Pipeline Route!) was published jointly with the Finnish Natural Gas Association. The brochure contains safety information about construction work taking place in the vicinity of the natural gas pipeline.

Information about extension plans

Assessment of the environmental impacts of the proposed western extension of the natural gas pipeline was completed in early 2002. The report was on display in all municipalities through which the pipeline would pass and on Gasum's website and the assessment findings were presented at six public meetings. A total of 161 persons took part in assessment meetings.

The liaison authority, Southwest Finland Regional Environment Centre, gave its environmental impact assessment report in June 2002. Whilst the authority considered the assessment to be largely adequate, some additional studies are still required in respect of alternative routes, in the event that the final plan decides on alternatives to the main route. Landowners will be informed by letter of further studies in respect of the project during 2003.

An evening meeting was held for landowners in Mäntsälä and Sipoo in respect of the route plans for the parallel pipeline between Mäntsälä and Kerava, which are at the basic planning stage. Some 50 landowners were present at each event

Dependability and safety of the natural gas supply

Strategic preventative maintenance and inspections ensure the dependability and safety of the natural gas supply. Hazard assessment and safety analyses evaluate the risks involved in gas transmission.

Supplies of natural gas flowed smoothly throughout last year, with no pipeline damage in the transmission grid or any emergency situations. There was one disruption lasting for about one minute in the supply of natural gas to a customer and five faults that if not dealt with could have resulted in an interruption to supply. A fire damaged part of the office premises in Espoo in November.

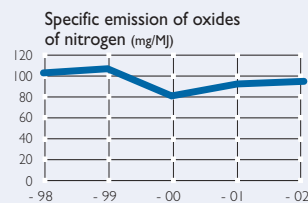
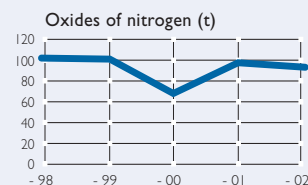
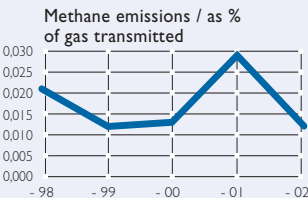
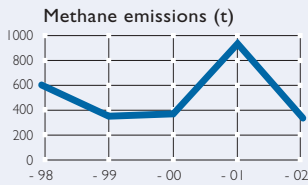
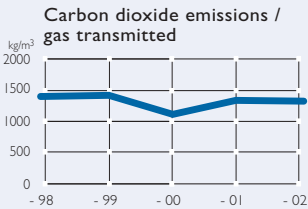
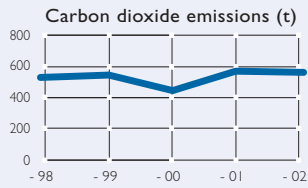
Together with the National Emergency Supply Agency, the Finnish Natural Gas Association and the Finnish Oil and Gas Federation, Gasum took part in the work of the natural gas division of the National Board of Economic Defence's oil pool to draw up readiness instructions for the supply of natural gas in the event of an emergency. A summary of the instructions was compiled for natural gas users. A training day was held at Valkeala together with the National Emergency Supply Agency and the Finnish Oil and Gas Federation for oil pool emergency supply managers.

Natural gas source

Western Siberia, from where natural gas is imported to Finland, is home to some of the world's largest natural gas reserves. The natural gas used in Finland comes from the Yamburg and Urengoi gas fields.

The fields in Siberia are located at three levels ranging from a depth between 1,000 and 4,000 metres. When a gas field is developed, a production hole is drilled into the reservoir. The hole in use is called a well. Gas wells normally produce gas for about 25 years, some for as long as 100 years. About 20 gas wells meet Finland's gas requirements.

The distance from Western Siberia to Finland is about 3400 kilometres. There are several parallel pipelines more than 1 metre in diameter. The pipes are built above ground in the permafrost zone and about one metre underground elsewhere.



Environmental impacts

Gasum's environmental management system complies with the international ISO 14001 standard. The system was re-certified in autumn 2001. Gasum's subsidiaries have no certified environmental management systems. The key principles governing environmental management are outlined in Gasum's environmental manual and in the related instructions for each business. Gasum has been a signatory to Chemical Industry Federation of Finland's Responsible Care initiative since 1996.

In compliance with new environmental legislation, the environmental permit application for the new compressor station at Mäntsälä was submitted to the local environmental authority in May 2002.

A major challenge facing us in the future is to further improve environment-friendly work practices in the construction of natural gas pipelines. Gasum has started work on a study to this end.

The figures shown below cover the environmental impacts caused by the operations of the parent company.

Methane emissions

The natural gas imported into Finland is 98 per cent methane, which is a greenhouse gas. Methane escapes into the atmosphere during venting, or emptying a section of a natural gas pipeline because of an emergency, maintenance or to join it to another pipeline. Since no major pipeline connections requiring venting were made during the year, in 2002 methane emissions were just 39 per cent of the previous year's level. Methane emissions totalled 358 tonnes. This is equivalent to the annual methane emissions from the refuse tip of a medium-sized town.

Carbon dioxide and oxides of nitrogen emissions

Compressor stations increase the pressure of natural gas at distances of about 100 km in the grid. The compressors are driven by natural gas turbines. This means carbon dioxide, steam and NO_x are produced during natural gas combustion.

Carbon dioxide emissions totalled 57,802 tonnes during 2002. Overall oxides of nitrogen emissions amounted to 96.4 tonnes and the average specific emission from compressor stations was 92.9 mg per MJ.

Energy consumption

Use of natural gas as a turbine fuel at compressor stations was 223 GWh. Pressure reduction stations consumed 65 GWh of natural gas to drive turbines and heat the premises. The transmission process consumed 0.67 per cent of the natural gas transmitted. Modifications to the compressor rotor to optimise compressor use at Imatra reduced fuel consumption and consequently carbon dioxide and NO_x emissions.

Gasum signatory to industrial energy savings agreement

In relation to the energy savings agreement, Gasum carried out an energy review that analysed Gasum's use of energy and identified any potential energy saving points. The review was completed in November.

The energy review broached the idea of Gasum building its own small CHP plants at its largest premises in Imatra and Valkeala and generating its own heat and power. The development and implementation of condition monitoring and optimisation systems and the replacement of obsolete atmospheric boilers were also among the projects for improvement mentioned.

The possibility of producing heat recovered from exhaust gases at the Mäntsälä and Valkeala compressor stations for the production of district heat to a local heating company was also raised. To this end, Gasum signed letters of intent with Vari Oy and Mäntsälän Sähkö Oy in January 2003. The amount of energy to be utilised is estimated to be in the region of 25–40 GWh a year based on the utilisation rate of the compressor stations and the energy requirement of the local district heat system.



Gasum Oy's net sales for 2002 were €575.9 million. The profit for the financial year was €33.5 million. Gasum exceeded its financial targets for business in 2002.

Gasum Oy's Board of Directors' report for 2002



Members of Gasum's Board of Directors from the left: Vladimir Hramoff (Senior Vice President, Supply), Björn Ahlnäs (Senior Vice President, Marketing), Antero Jännes (CEO) Chairman of the Board, Juha Vainikka (Senior Vice President, Transmission) and Birger Sandström (Senior Vice President, Law and Finance).

Sales of natural gas

During 2002, Gasum Oy sold 43.02 TWh of natural gas, equivalent to around 4.3 billion cubic metres. Customers deployed no new major natural gas powered plants during the year. Natural gas consumption from February to August was lower than during the same period in 2001, although in January and from September onwards there was a marked rise in consumption compared to a year earlier. Total natural gas sales in 2002 were 0.7% down on the corresponding figure for 2001.

The demand for natural gas was affected not only by the outside temperature but also by the price of market electricity. Most of the year was exceptionally warm and the price of market electricity remained low until September. Later in year, there was a marked drop in the availability of hydropower and the price of market electricity rose to a record level. This price hike was further exacerbated by a prolonged, unusually cold spell starting towards the end of September and continuing into 2003. The rise in electricity market prices in the latter part of the year drove the use of natural gas up almost to the previous year's level.

Gasum successfully delivered all the gas its customers had ordered, as well as extra gas above the volumes ordered. Extra gas accounted for an average of 6.4 per cent of the entire year's use. During the final months of the year, extra gas accounted for over 20 per cent of the daily level of

gas delivered. To ensure uninterrupted transmission, deliveries exceeding the volumes ordered were momentarily restricted through interruptible use contracts and by raising the price of extra gas during times of peak demand.

More choice for customers

Gasum has improved its own risk management in a bid to reduce the impact of changes in the price of oil on the company's result. We have also offered our customers a chance to reduce the price risk of natural gas owing to fluctuations in the price of oil. To buy part of the natural gas they require, customers can sign a separate contract linking the oil price factor in the natural gas price formula to the oil prices given in advance for the months the contract is valid.

Investments

Investments in 2002 totalled €26.1 million. Gasum Oy redeemed the compressor station equipment leased earlier from ABB Oy and now owns all the machinery in its own use.

Commissioned by the Finnish Rail Administration (RHK), Gasum is moving its main natural gas pipeline away from the path of the new railway link between Lahti and Kerava. The work is being paid for by the RHK. Work on planning a new route for the pipeline was completed in summer 2002, after when a start was made on the necessary land

purchases. Construction work began in the autumn and the new pipeline is scheduled to enter commercial service at Midsummer 2003.

Gasum is augmenting its main natural gas pipeline and has started work on the basic planning of a stretch of parallel pipeline from Luumäki to Elimäki. Gasum completed a project to upgrade the automation systems at the Imatra compressor stations.

Gasum bought a plot of land in Tampere, which will be the site of the company's regional office in Tampere. The building is now being designed and will house maintenance and office premises. Construction work is scheduled to begin in 2003.

Natural gas pipeline to the Turku area in 2008

Basic planning and an investment plan for the proposed natural gas pipeline from Mäntsälä to the Turku economic zone was completed as scheduled in summer 2002. The length of the pipeline is 195 km. The plan also enables later branch pipelines to be built to the Rauma and Pori areas.

The year under review saw Gasum carry out environmental and nature assessments in compliance with the Act on Environmental Impact Assessment (EIA) of the proposed route for the natural gas pipeline from Mäntsälä to the Turku economic area. The Southwest Finland Regional Environment Centre acted as the liaison authority and issued its final statement on the EIA report on 5 June 2002. The statement said that whilst there were no environmental impediments to building the pipeline along the envisaged route, some particular sites still require additional studies during the next stage of the project.

According to the investment plan, around 42 months are required for soil investigations, the land redemption process, material purchases and construction of the pipeline along the planned route to the Turku economic area. In 2003, work will continue so that the pipeline would be able to enter commercial service in 2008.

Environment, health and safety

Gasum's environmental management system complies with the international ISO 14001 standard. DNV Certification Oy audited and certified the system on 7 December 1998. The system was re-certified in autumn 2001. In addition, Gasum has undertaken to comply with the Chemical Industry Federation of Finland's Responsible Care Initiative. Gasum is also a signatory to the industrial energy

savings agreement. Transmission pipeline safety was enhanced by investing in devices to enable pipelines to be more extensively inspected internally.

Gasum achieved its environment and health objectives.

Employees

Gasum Oy employed an average of 165 people during 2002. A further 40 people were employed by subsidiaries. Efforts were made during the year to enhance the customer focus of our operations and training was held to this end.

Subsidiaries and sale of services

The year under review saw completion of the administrative restructuring embarked on in 2001 to improve the local distribution of natural gas. Gasum Oy owns all the shares in its subsidiaries.

Gasum seeks to ensure that natural gas is as widely available as possible also to small applications throughout the transmission pipeline catchment area. If there is no active local natural gas distributor in an area, Suomen Kaasuenergia Oy seeks to study the feasibility of local distribution based on market conditions and Gasum Oy's standard wholesale terms and conditions. Suomen Kaasuenergia had a 15 per cent market share of local natural gas distribution. Suomen Kaasuenergia currently sells natural gas in Helsinki, Kotka, Siuntio, Porvoo and Lohja. Gasum is looking into the potential of local distribution in certain other places. During 2003, Suomen Kaasuenergia's subsidiary will start trading in two places in Estonia.

Helsingin Kaupunkikaasu Oy is responsible for grid services in the Helsinki distribution network.

Helsinkikaasu Oy sells gas appliances, constructs distribution pipelines and is an expert in installation and maintenance services.

The aim is to increase local sales by one third by 2007. This will create a platform on which to expand and diversify the sale of natural gas equipment and services. Gasum and its subsidiaries provide maintenance, construction, installation and appliance sales services and heat or steam produced by natural gas. This suite of services is being put together under a new brand name, Gasum Energiapalvelut.

The year under review was the first full year of operations for Gas Exchange Ltd, through which 0.8 per cent of the natural gas consumed in Finland was sold. Gas Exchange has 25 customers trading natural gas. The aim is to technically develop exchange trading to stimulate trading in future years.

Ownership structure

The year 2002 marked Gasum Oy's ninth year of business. There have been no changes to Gasum Oy's ownership structure since summer 1999. Gasum is owned by:

Fortum Oil and Gas Oy	25%
OAO Gazprom	25%
Finnish state	24%
Ruhrgas Energie Beteiligungs Aktiengesellschaft	20%
M-real Corporation	2%
Stora Enso Oyj	2%
UPM-Kymmene Corporation	2%

In addition, the Finnish state owns one K Share.

Annual General Meeting, Supervisory Board and Board of Directors

Gasum Oy's Annual General Meeting was held on 14 May 2002.

Members of the Supervisory Board retiring by rotation were Harri Malmberg LLM, Evgenya K. Selihova, Adviser, Gazprom and Veli-Matti Ropponen, President, Fortum Corporation. The seat of the late Valery V. Remizov, who represented Gazprom, on the Supervisory Board was also filled.

Harri Malmberg was re-appointed for a three-year term of office. Alexander Riazanov, Deputy Chairman of Gazprom's Management Committee and Sergey Serdukov, General Director of Lentransgas, also representing Gazprom, were appointed to the Supervisory Board as new members. Dr Eike Benke continued as representative of Ruhrgas. He was joined by Mattias Keuchel of Ruhrgas. Bo Lindfors, Senior Vice President, Fortum Corporation, Heikki Sara, Director, UPM-Kymmene and Taisto Turunen, Director-General, Ministry of Trade and Industry continued to serve on the Supervisory Board.

The Annual General Meeting re-appointed Harri Malmberg as Chairman of the Supervisory Board and Taisto Turunen as Vice Chairman.

The Annual General Meeting appointed PricewaterhouseCoopers Oy as Gasum's auditors, with Eero Suomela APA as the principal auditor.

CEO Antero Jännes served as Chairman of Gasum Oy's Board of Directors. Other members were senior vice presidents Vladimir Hramoff, Birger Sandström, Juha Vainikka and Björn Ahlnäs, who the Supervisory Board appointed for a second three-year term of office.

During the year under review, the Supervisory Board met four times during the year and the Board of Directors 11 times.

Future prospects

Natural gas has greatest market potential in municipal and industrial combined heat and power (CHP) production. This is based on the need for heat, which in the Finnish climate means relatively steady use throughout the year. Local distribution, small industrial plants, heating homes and heavy traffic in built-up areas also show growth potential. Technically, natural gas is also an efficient fuel in condensing power generation.

Gasum considers that the aim to reduce the use of coal calls for (obsolete) coal-fired power plants to be replaced by those fired by natural gas. If a decision is made to do this also in West Finland, it will be viable to extend the natural gas pipeline to the Turku region. Decisions to build new power plants depend not only on electricity market estimates but also the terms of emissions trading, which is starting up, and other governmental controls such as energy taxation. Gasum expects natural gas consumption to rise by more than 10 per cent to 50 TWh by 2007. This excludes any major increase in the use of natural gas in condensation electricity production and consumption of natural gas in the Turku region.

Gasum and AS Eesti Gaas completed a joint feasibility study of a natural gas pipeline to be laid under the Gulf of Finland. Whilst technically possible, the project is still not commercially viable.

Net sales and result

Gasum Oy's net sales for 2002 were €575.9 million, or 0.9 per cent less than in 2001. Net financial charges were €4.2 million and depreciation according to plan €34.1 million, which includes an additional depreciation of €14 million made on the Valkeala-Tavastila stretch of the Kotka branch pipeline for technical purposes. The profit before extraordinary items was €47.8 million. The profit for the financial year was €33.5 million. The balance sheet total rose to €554.7 million in 2002 and the equity ratio to 61.6 per cent.

Gasum exceeded its financial targets for business in 2002.

Proposal for the distribution of profit

Gasum Oy's profit for the financial year was €33,489,311.81. The Board of Directors recommends that Gasum pay a 2002 dividend of 18.59 per cent on the share capital, equivalent to €33,134,900.68. The Board of Directors recommends that the company pay the staff a full profit bonus and that the remaining €354,411.13 be retained.



We present the full financial statements, with notes, of Gasum Oy the parent company and of the Gasum Group to improve information and comparability.

Income statement

€ million		GROUP		PARENT COMPANY	
		2002	2001	2002	2001
Net sales	(1)	581	587	576	582
Materials and services	(3)				
Raw materials and consumables					
Purchases during the financial year		-472	-502	-471	-501
Staff costs	(4)				
Wages and salaries		8	7	7	6
Social security costs					
Pension costs		2	1	2	1
Other social security costs		1	1	1	1
		-11	-9	-10	-8
Depreciation and value adjustments	(6)				
Depreciation according to plan		-35	-18	-34	-18
Other operating charges		-10	-13	-9	-12
Operating profit		53	45	52	43
Financial income and charges	(7)				
Other interest receivable and similar income					
From others		1	1	1	1
Interest payable and similar charges					
To others		-5	-6	-5	-6
		-4	-5	-4	-5
Profit before extraordinary items		49	40	48	38
Profit before appropriations and taxes		49	40	48	38
Appropriations	(8)				
Increase in depreciation difference (-)				0	-7
Income taxes	(9)	-14	-12	-14	-9
Profit for the financial year		35	28	33	22

Balance sheet

€ million

	GROUP		PARENT COMPANY	
	2002	2001	2002	2001
ASSETS				
FIXED ASSETS				
Intangible assets (10)				
Other long-term expenditure	4	4	3	4
Goodwill on consolidation	4	4	0	0
	8	8	3	4
Tangible assets (10)				
Land and water	2	2	2	2
Buildings	348	375	333	361
Machinery and equipment	57	43	56	42
Other tangible assets	4	4	4	4
Tangible assets in the course of construction	8	3	8	3
	419	427	403	412
Financial assets (11)				
Shares in group companies			7	7
Amounts owed by group companies			3	3
			10	10
CURRENT ASSETS				
Stocks (12)	7	7	6	6
Debtors (13)				
Long-term				
Other debtors	0	1	0	1
	0	1	0	1
Short-term				
Trade debtors	92	71	89	69
Amounts owed by group companies			1	2
Prepayments and accrued income	1	0	1	0
	93	71	91	71
Cash and cash equivalents	41	4	41	3
	568	517	555	507

€ million

		GROUP		PARENT COMPANY	
		2002	2001	2002	2001
SHAREHOLDERS' EQUITY AND LIABILITIES					
SHAREHOLDERS' EQUITY (14)					
Share capital		178	178	178	178
Retained earnings		99	93	2	2
Profit for the financial year		35	28	33	23
		312	299	214	203
ACCUMULATED APPROPRIATIONS					
Accrued depreciation difference	(15)			127	127
DEFERRED TAX LIABILITY (17)		41	40		
CREDITORS					
Long-term (18)					
Loans from financial institutions		67	61	67	61
Other long-term debts		0	29	0	29
		67	90	67	90
Short-term (19)					
Loans from financial institutions		51	15	51	15
Trade creditors		67	57	66	56
Other creditors		19	10	18	10
Accruals and deferred income		11	6	11	6
		148	88	146	87
		568	517	555	507

Cash flow statement

€ million	Group		Parent company	
	2002	2001	2002	2001
Cash inflow from operating activities				
+ Payments received from sales	568	578	563	575
+ Payments received from other operating activities	0	0	0	0
- Payments of other operating charges	-479	-525	-476	-523
Cash inflow from operating activities before financial items and taxes	89	53	87	52
- Interest paid and payments of other financial charges	-6	-6	-6	-6
+ Interest received from operating activities	1	1	1	1
+ Dividends received from operating activities	0	0	0	0
- Taxes paid	-10	-9	-10	-9
Cash inflow from operating activities before extraordinary items	74	39	72	38
+/- Net cash inflow/outflow from extraordinary items in operating activities	0	0	0	0
Cash inflow from operating activities (A)	75	39	73	38
Cash inflow/outflow from investing activities				
- Investments in tangible and intangible assets	-30	-37	-28	-34
+ Gains on the divestment of tangible and intangible assets	0	1	0	1
- Investments in other financial assets	0	0	0	0
+ Gains on the divestment of other financial assets	0	0	0	0
- Loans granted	0	0	0	0
+ Repayment of loan receivables	0	0	0	0
+ Interest received from investments	0	0	0	0
+ Dividends received from investments	0	0	0	0
Cash inflow/outflow from investing activities (B)	-30	-36	-28	-33
Cash inflow/outflow from financing activities				
+ Increase in short-term loans	0	1	0	0
- Repayments of short-term loans	0	-13	0	-13
+ Increase in long-term loans	31	68	31	67
- Repayment of long-term loans	-17	-39	-17	-39
-/+ Increase/decrease in long-term debtors	0	0	0	0
- Dividends paid and other distribution of profit	-22	-19	-22	-19
Cash inflow/outflow from financing activities (C)	-8	-2	-8	-4
Change in liquid assets (A+B+C)	37	1	36	1
Liquid assets at 1 January	4	3	4	3
Liquid assets at 31 December	41	4	40	4
	37	1	36	1

Notes to the financial statements

ACCOUNTING PRINCIPLES

CONSOLIDATION

Gasum Oy is part of the Gasum Group. The parent company of which is Gasum Oy, which has its registered office in Espoo. Copies of the consolidated financial statements are available from Gasum Oy's head office at Keilaranta 6 B, FIN-02150 Espoo, Finland.

The consolidated financial statement includes the parent company Gasum Oy and subsidiaries Helsingkikaasu Oy, Suomen Kaasuenergia Oy, Helsingin Kaupunkikaasu Oy and Gas Exchange Ltd. The difference between the acquisition cost and shareholders' equity at the time of acquisition, arising from the elimination of mutual shareholdings, has been treated as goodwill on consolidation and is depreciated over its estimated lifespan subject to a maximum of 20 years. Intra-group transactions have been eliminated in the income statement and balance sheet.

FOREIGN CURRENCY ITEMS

Debtors and creditors denominated in foreign currency are valued at the middle rates quoted by the Central European Bank at the balance sheet date.

DEPRECIATION

The acquisition cost of fixed assets is booked as straight-line depreciation based on economic life expectancy.

The economic life expectancies used are:

	GROUP		PARENT COMPANY	
	2002	2001	2002	2001
Buildings	20-40 yr	20-40 yr	20-40 yr	20-40 yr
Other tangible assets	20-40 yr	20-40 yr	20-40 yr	20-40 yr
Machinery and equipment	5-15 yr	5-15 yr	5-15 yr	5-15 yr
Other long-term expenditure	5-10 yr	5-10 yr	5-10 yr	5-10 yr
Intangible rights	5 yr	5 yr	5 yr	5 yr
Goodwill on consolidation	20 yr	20 yr		

STOCKS

Stocks are valued on the FIFO principle at direct acquisition cost or market value, whichever is the lower.

PENSION COSTS

The statutory pensions deficit of Neste's Pension Foundation has been booked as a pension cost and entered as a provision for liabilities and charges in the balance sheet.

DEFERRED TAX LIABILITY

The depreciation difference in the consolidated financial statements has been divided into distributable shareholders' equity and deferred tax liability.

€ 1 000

	Group		Parent company	
	2002	2001	2002	2001
I. NET SALES				
By geographical area				
Finland	580 781	587 115	575 239	581 004
Rest of Europe	652	258	652	258
Other	0	0	0	0
Total	581 433	587 373	575 891	581 262

€ 1 000

	Group		Parent company	
	2002	2001	2002	2001
2. OTHER OPERATING INCOME				
Gains on the divestment of fixed assets	25	56	22	56
Rents	350	170	235	196
Forestry	2	1	2	1
Other	101	54	11	42
Total	478	281	270	295
3. MATERIALS AND SERVICES				
Raw materials and consumables				
Purchases during the financial year	471 478	502 250	471 266	501 358
Change in stocks	246	-332	120	-264
	471 724	501 918	471 386	501 093
4. STAFF COSTS				
Staff costs and benefits				
Wages and salaries	8 604	7 565	7 241	6 310
Pension costs	1 875	1 028	1 659	863
Statutory social security costs	841	765	777	674
Total	11 321	9 358	9 677	7 847
Benefits	340	297	261	256
Total	11 661	9 655	9 938	8 102
Staff costs in the income statement exclude the cash value of benefits				
Management salaries and remunerations				
CEO, salaries of full-time members of the Board of Directors and remuneration of members of the Supervisory Board	745	725	745	725
Average number of employees in the Group and parent company during the year				
Salaried employees	131	126	111	106
Manual workers	72	73	54	53
Total	203	199	165	159
5. MANAGEMENT PENSION COMMITMENTS				
Senior management within the Gasum Group may retire at the age of 60 and receive pension benefits in accordance with the regulations of Neste's Pension Foundation.				
6. DEPRECIATION				
Depreciation according to plan				
Depreciation on tangible and intangible assets	35 019	18 730	34 057	17 824

€ 1 000	Group		Parent company	
	2002	2001	2002	2001
7. FINANCIAL INCOME AND CHARGES				
Interest receivable from non-current financial assets				
From Group companies	0	0	138	189
Other interest receivable and similar income				
From Group companies	0	0	43	28
From others	811	811	806	806
	811	811	849	834
Interest receivable from non-current financial assets and other interest receivable and similar income, total				
	811	811	987	1 023
Interest payable and similar charges				
To Group companies	0	0	1	3
To others	5 189	5 846	5 188	5 846
	5 189	5 846	5 189	5 849
Financial income and charges, total				
	4 377	-5 035	4 202	-4 826
Extraordinary income				
Group contribution			0	480
Extraordinary charges				
Group contribution			262	0
8. APPROPRIATIONS				
Depreciation difference			-373	-6 705
9. DIRECT TAXES				
Income taxes on ordinary business operations	13 699	9 253	13 711	9 228
Change in deferred tax liability	611	2 359	0	0
	14 310	11 612	13 711	9 228
10. FIXED ASSETS				
Intangible assets				
Intangible rights				
Acquisition cost at 1 January	222	245	0	0
Increase	54	4	0	0
Decrease	0	27	0	0
Acquisition cost at 31 December	276	222	0	0
Accumulated depreciation at 1 January	196	216	0	0
Accumulated depreciation on decrease	0	0	0	0
Depreciation for the financial year	12	20	0	0
Accumulated depreciation at 31 December	208	196	0	0

€ 1 000	Group		Parent company	
	2002	2001	2002	2001
Book value at 31 December	68	26	0	0
Other long-term expenditure				
Acquisition cost at 1 January	7 620	5 623	6 288	4 954
Increase	833	2 050	783	1 386
Decrease	88	53	88	53
Acquisition cost at 31 December	8 365	7 620	6 982	6 288
Accumulated depreciation at 1 January	3 316	2 696	2 809	2 230
Accumulated depreciation on decrease	41	21	41	21
Depreciation for the financial year	811	641	768	599
Accumulated depreciation at 31 December	4 086	3 316	3 536	2 809
Book value at 31 December	4 279	4 304	3 447	3 479
Goodwill on consolidation				
Acquisition cost at 1 January	5 147	5 147	0	0
Increase	0	0	0	0
Decrease	0	0	0	0
Acquisition cost at 31 December	5 147	5 147	0	0
Accumulated depreciation at 1 January	1 526	1 268	0	0
Accumulated depreciation on decrease	0	0	0	0
Depreciation for the financial year	259	259	0	0
Accumulated depreciation at 31 December	1 785	1 526	0	0
Book value at 31 December	3 362	3 621	0	0
Book value of intangible assets, total	7 709	7 950	3 447	3 479
Tangible assets				
Land and water				
Acquisition cost at 1 January	2 195	2 191	2 195	2 191
Increase	112	4	112	4
Decrease	0	0	0	0
Acquisition cost at 31 December	2 307	2 195	2 307	2 195
Accumulated depreciation at 1 January	0	0	0	0
Accumulated depreciation on decrease	0	0	0	0
Depreciation for the financial year	0	0	0	0
Accumulated depreciation at 31 December	0	0	0	0
Book value at 31 December	2 307	2 195	2 307	2 195
Buildings				
Acquisition cost at 1 January	475 247	435 530	458 111	419 874
Increase	2 039	41 360	732	39 402
Decrease	26 038	1 462	25 814	1 165
Acquisition cost at 31 December	451 248	475 247	433 029	458 111

€ I 000	Group		Parent company	
	2002	2001	2002	2001
Accumulated depreciation at 1 January	100 122	86 013	97 076	83 398
Accumulated depreciation on decrease	12 783	1 130	12 783	1 130
Depreciation for the financial year	16 142	15 239	15 689	14 808
Accumulated depreciation at 31 December	103 481	100 122	99 982	97 076
Book value at 31 December	347 767	375 125	333 047	361 035
Machinery and equipment				
Acquisition cost at 1 January	63 045	50 032	61 041	48 248
Increase	18 665	13 360	18 412	13 056
Decrease	294	346	202	263
Acquisition cost at 31 December	81 416	63 045	79 251	61 041
Accumulated depreciation at 1 January	20 118	16 762	18 859	15 607
Accumulated depreciation on decrease	75	202	75	190
Depreciation for the financial year	4 637	3 558	4 500	3 442
Accumulated depreciation at 31 December	24 680	20 118	23 284	18 859
Book value at 31 December	56 736	42 927	55 967	42 182
Other tangible assets				
Acquisition cost at 1 January	4 629	4 154	4 602	4 154
Increase	54	474	44	449
Decrease	0	0	0	0
Acquisition cost at 31 December	4 683	4 629	4 646	4 602
Accumulated depreciation at 1 January	577	443	558	443
Accumulated depreciation on decrease	0	0	0	0
Depreciation for the financial year	134	133	126	115
Accumulated depreciation at 31 December	711	577	683	558
Book value at 31 December	3 972	4 052	3 963	4 045
Payments on account and tangible assets in the course of construction				
Acquisition cost at 1 January	2 374	18 494	2 374	18 494
Increase	6 505	2 372	6 479	2 372
Decrease	887	18 492	887	18 492
Acquisition cost at 31 December	7 992	2 374	7 966	2 374
Book value at 31 December	7 992	2 374	7 966	2 374
Tangible assets book value at 31 December	418 773	426 672	403 251	411 830
Book values, total	426 482	434 621	406 697	415 309

The acquisition cost of fixed assets includes tangible assets that have yet to be booked in full as planned depreciation.

€ 1 000

	Group		Parent company	
	2002	2001	2002	2001
11. FINANCIAL ASSETS				
Shares in subsidiaries				
Suomen Kaasuenergia Oy, Kotka Fully owned by parent company				
Helsingin Kaupunkikaasu Oy, Helsinki Fully owned by parent company				
Helsinkikaasu Oy, Helsinki Fully owned by parent company				
Kotkan Kaasuenergia Oy, Kotka Fully owned by parent company				
Gas Exchange Ltd, Espoo Fully owned by parent company				
Group companies				
Acquisition cost at 1 January	0	0	6 637	6 552
Increase	0	0	0	84
Decrease	0	0	0	0
Acquisition cost at 31 December	0	0	6 637	6 637
Book value at 31 December	0	0	6 637	6 637
Other shares and holdings				
Acquisition cost at 1 January	362	782	358	777
	9	0	9	0
Decrease	0	420	0	420
Acquisition cost at 31 December	372	362	367	358
Book value at 31 December	372	362	367	358
Amounts owed by group companies				
Acquisition cost at 1 January	0	0	3 196	3 364
Increase	0	0	0	0
Decrease	0	0	168	168
Acquisition cost at 31 December	0	0	3 027	3 196
Book value at 31 December	0	0	3 027	3 196
Financial assets, book value at 31 December	372	362	10 030	10 190
12. STOCKS				
Goods	6 695	6 941	6 157	6 277
Work in progress	0	0	0	0
	6 695	6 941	6 157	6 277
Replacement price	7 845	7 944	7 307	7 291
Book value	6 695	6 930	6 157	6 277
Difference	1 150	1 014	1 150	1 014

€ 1 000

	Group		Parent company	
	2002	2001	2002	2001
13. DEBTORS				
Long-term				
Amounts owed by Group companies	0	0	30	101
By others	471	589	471	589
Long-term debtors, total	471	589	501	690
Short-term				
Trade debtors	91 520	70 616	88 837	68 643
Amounts owed by Group companies				
Trade debtors	0	0	1 151	950
Loan receivables	0	0	168	168
Prepayments and accrued income	0	0	0	0
Other debtors	0	0	121	682
Total	0	0	1 440	1 800
Other debtors	138	357	118	207
Prepayments and accrued income	1 076	74	1 039	46
Short-term debtors, total	92 734	71 047	91 434	70 697
Debtors, total	93 205	71 636	91 935	71 386
14. SHAREHOLDERS' EQUITY				
Share capital at 1 January	178 279	178 279	178 279	178 279
Share capital at 31 December	178 279	178 279	178 279	178 279
Retained earnings at 1 January	121 052	34 888	24 653	20 968
Payment of dividend	-22 285	-18 832	-22 285	-18 832
Redemption of minority interests	0	0	0	0
Retained earnings at 31 December	98 766	92 988	2 368	2 136
Profit for the financial year	34 632	28 064	33 489	22 517
Shareholders' equity, total	311 677	299 330	214 137	202 932
Statement of distributable funds at 31 December				
Retained earnings	98 766	92 988	2 368	2 136
Profit for the financial year	34 632	28 064	33 489	22 517
- Less share of depreciation difference booked in shareholders' equity	-99 258	-97 762	0	0
Total	34 140	23 290	35 857	24 653

The parent company's share capital is distributed as follows:

Series A	53 000 000	53 000 000
Series K	1	1

15. ACCUMULATED APPROPRIATIONS

In the parent company accumulated appropriations consist of the accumulated depreciation difference.

€ 1 000	Group		Parent company	
	2002	2001	2002	2001
16. PROVISIONS FOR LIABILITIES AND CHARGES				
Provision for pensions	0	0	0	0
17. DEFERRED TAX LIABILITIES				
Deferred tax liabilities				
Arising from appropriations	40 408	39 931	0	0
18. LONG-TERM CREDITORS				
Loans from financial institutions	67 286	61 577	67 286	61 105
Other long-term debts	0	28 592	0	28 592
Total	67 286	90 169	67 286	89 696
19. SHORT-TERM CREDITORS				
Loans from financial institutions	51 268	14 939	51 268	14 630
Advances received	0	0	0	0
Trade creditors	66 493	56 936	65 686	56 601
Amounts owed to Group companies				
Trade creditors	0	0	11	37
Accruals and deferred income	0	0	21	29
Other creditors	0	0	262	0
	0	0	294	65
Other creditors	19 221	9 867	17 942	9 678
Accruals and deferred income	11 078	6 250	10 640	5 935
Short-term creditors, total	148 060	87 992	145 830	86 909
Significant items included in accruals and deferred income				
Annual holiday provision and social security costs	1 107	1 050	931	924
Unpaid wages and social security costs	1 139	380	953	293
Pensioners' sickness benefit	298	0	298	0
Income billed in following year	2 315	1 083	2 315	1 083
Interest	1 706	2 571	1 706	2 571
Taxes	18	1 043	10	1 043
Employees' Pensions Act (TEL) matching	66	24	0	0
Bank charges	1	0	0	0
20. Surety				
Securities pledged			2 523	2 523
Cash pledged			3	21
Debtors pledged			0	8
Total			2 526	2 552
21. Contingent liabilities				
Leasing commitments				
Payable during 2003	2	1 791	0	1 783
Payable later	0	4 406	0	4 404
	2	6 197	0	6 187

Separate accounting for natural gas operations

Chapter 5 of the Finnish Natural Gas Market Act (508/2000) requires natural gas operations and other activities to be accounted for separately. Under the Act, a natural gas operator has to keep separate accounts for gas grid, gas sales and storage operations and for activities outside the natural gas business. The Act further requires the preparation of separate public income statements and balance sheets, with notes, for natural gas operations, sales, transmission and other activities for each accounting period.

Natural gas sales activities include the energy charges in Gasum Oy's gas sales tariffs. Transmission includes the transmission charges in the selling price of natural gas as well as most of the business in respect of old contracts outside the tariff arrangement. Other activities include the sale of liquefied natural gas for testing and research purposes and sales of maintenance services.

Charges and income are allocated in accordance with the matching principle using internal accounting. Depreciation is calculated in accordance with the existing depreciation plan.

Balance sheet items are divided in accordance with the matching principle. Financial assets and short-term creditors have been divided mathematically according to the matching principle. Share capital and long-term creditors have been divided in a ratio to fixed assets.

Itemised income statement and balance sheet on following spread.



Income statement

€ 1 000	TRANSMISSION ACTIVITIES		SALES ACTIVITIES		OTHER ACTIVITIES	
	2002	2001	2002	2001	2002	2001
Net sales	250 608	239 481	323 430	340 323	1 921	1 478
Other income	178	139	0	7	91	147
Materials and services						
Raw materials and consumables						
Purchases during the financial year	-156 416	-151 731	-313 982	-348 575	-1 197	-949
Staff costs	-6 389	-5 241	-399	-292	-201	0
Depreciation and value adjustments						
Depreciation according to plan	-34 057	-17 824	0	0	0	0
Other operating charges	-8 879	-11 615	-2 670	-2 370	0	-182
Operating profit	45 045	53 209	6 379	-10 907	614	494
Financial income and charges	-4 040	-4 715	-162	-111	0	0
Profit before extraordinary items	41 005	48 494	6 217	-11 018	614	494
Extraordinary income						
Group contribution	0	0		480	0	0
Extraordinary charges						
Group contribution	0	0	-262	0	0	0
Profit before appropriations and taxes	41 005	48 494	5 956	-10 538	614	494
Appropriations						
Increase in depreciation difference (-)	-373	-6 705	0	0	0	0
Income taxes	-11 818	-9 228	-1 717	0	-177	0
Profit for the financial year	28 814	32 561	4 239	-10 538	437	494

Balance sheet

€ 1 000	TRANSMISSION ACTIVITIES		SALES ACTIVITIES		OTHER ACTIVITIES	
	2002	2001	2002	2001	2002	2001
FIXED ASSETS						
Intangible assets	3 037	3 103	409	376	1	0
Tangible assets	402 574	411 249	593	522	85	59
Financial assets	364	354	9 667	9 835	0	0
CURRENT ASSETS						
Stocks	2 452	2 337	3 705	3 940	0	0
Debtors	32 947	25 217	58 744	45 608	244	562
Cash and cash equivalents	32 982	2 731	5 904	520	952	160
	474 356	444 991	79 021	60 801	1 282	781
SHAREHOLDERS' EQUITY AND LIABILITIES						
SHAREHOLDERS' EQUITY	197 439	190 911	15 565	11 326	1 132	696
ACCUMULATED APPROPRIATIONS						
Accrued depreciation difference	127 407	127 034	0	0	0	0
CREDITORS						
Long-term	62 347	85 104	4 939	4 593	0	0
Short-term	87 162	41 942	58 518	44 882	150	85
	474 356	444 991	79 021	60 801	1 282	781

Gasum Oy's Board of Directors

Espoo, 17 February 2003

Antero Jännes

Juha Vainikka

Björn Ahlnäs

Vladimir Hramoff

Birger Sandström

Auditors' report

To the shareholders of Gasum Oy

We have audited the accounting, the financial statements and the corporate governance of Gasum Oy for the period 1 January – 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 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 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 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 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 distribution of retained earnings is in compliance with the Companies Act.

We have reviewed the income statements, balance sheets and supplementary information for the separated operations in the notes to the financial statements. In our opinion they have been prepared in accordance with the Natural Gas Market Act and the regulation and stipulations required by it.

Helsinki, 27 February 2003

PricewaterhouseCoopers Oy
Authorised Public Accountants

Eero Suomela
Authorised Public Accountant

Statement by the Supervisory Board

Meeting today, Gasum Oy's Supervisory Board considered the company's financial statements, balance sheets, the annual report and the Board of Directors' proposal contained in the latter for the disposal of profits, and the auditors' report provided by the Company's auditors. The Supervisory Board has decided to recommend to the Annual General Meeting that the financial statement be approved and that the profit be disposed of in accordance with the Board of Directors' proposal.

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, 18 March 2003

Harri Malmberg	Taisto Turunen	Eike Benke	Matthias Keuchel
Bo Lindfors	Alexander Rjazanov	Heikki Sara	Sergei Serdjukov

Corporate Governance

General meeting of shareholders

Ultimate decision-making power in Gasum Oy is vested in the general meeting of shareholders, which convenes at least once a year. The general meeting of shareholders receives the financial statements and auditors' report, resolves the adoption of the income statement and balance sheet and decides on the discharge of liability for members of the Supervisory Board, members of the Board of Directors and the CEO. The general meeting of shareholders elects members to the Supervisory Board, new members to replace those retiring by rotation and the chairman and deputy chairman of the Supervisory Board.

Supervisory Board

Gasum Oy's Supervisory Board comprises the chairman, vice chairman and six other members. Members of the Supervisory Board and its chairman are appointed for a term of office lasting three years at a time. The Supervisory Board convenes at the invitation of the chairman, or if he is prevented from doing so, by his deputy. The Supervisory Board is responsible for ensuring that the company is run in line with the decisions and instructions of the general meeting of shareholders and sound business principles.

Members:

Chairman: **Harri Malmberg** LLM

Vice Chairman: **Taisto Turunen**, Director-General, Ministry of Trade and Industry, Energy Department (from 14 May 2002)

Dr **Eike Benke**, Ruhrgas AG

Matthias Keuchel, Director, Ruhrgas AG (from 14 May 2002)

Bo Lindfors, Senior Vice President, Fortum Corporation

Alexander Rjzanov, Deputy Chairman, Gazprom (from 14 May 2002)

Heikki Sara, Director, UPM Kymmene Group

Sergei Serdjukov, Managing Director Lentrastgaz (from 14 May 2002)

Veli-Matti Ropponen, Corporate Executive Vice President, Fortum Corporation (until 14 May 2002)

Evgenija K. Selihova, Adviser, OAO Gazprom (until 14 May 2002)

Auditors

PricewaterhouseCoopers Oy.

Principal auditor **Eero Suomela** APA

Gasum Oy's Board of Directors

The Board of Directors is elected by the Supervisory Board and comprises a chairman and a minimum of three and a maximum of six ordinary members. Members of the

Board of Directors and their deputies serve a term of office lasting three years. The Board of Directors is responsible for company's administration and business in compliance with the law, Articles of Association and the instructions issued by the Supervisory Board, to decide on the conveyance and mortgaging of fixed assets and to hire and dismiss senior managers not appointed by the Supervisory Board.

Members:

Antero Jännes, chairman, CEO

Juha Vainikka, vice chairman, Senior Vice President, Transmission

Björn Ahlnäs, Senior Vice President, Marketing

Vladimir Hramoff, Senior Vice President, Supply

Birger Sandström, Senior Vice President, Law and Finance

Gasum Oy's organisation:

CEO: **Antero Jännes**

Marketing: **Björn Ahlnäs**

- *Sales:* **Veli-Heikki Niiranen, Ossi Savolainen,**

Arto Riikonen

- *CRM Manager:* **Sonja Hellén-Nieminen**

Supply: **Vladimir Hramoff**

- *Development projects:* **Kari Salminen**

- *Planning:* **Jukka Kajansinkko**

Transmission: **Juha Vainikka**

- *Use:* **Jarmo Aho**

- *Distribution:* **Osmo Jääskeläinen**

- *Compressors:* **Ari Suomalampi**

- *Mechanical maintenance:* **Arto Korpela**

- *Electronic maintenance:* **Timo Parikka**

- *Safety and technical support:* **Esko Hyvärinen**

- *Projects and materials supplies:* **Kaj Christiansen**

Accounting: **Paula Lähde**

- *Controller:* **Leena Wallenius**

Law and finance: **Birger Sandström**

Business planning: **Christer Paltschik**

- *Information management:* **Jussi Hyvärinen**

- *Product risk management:* **Satu Raikaslehto**

- *Quality manager:* **Rami Saajoranta**

Human resources and corporate communications:

Tuomo Saarni

- *Employees:* **Pekka Mäkitalo**

Subsidiaries

Suomen Kaasuenergia Oy

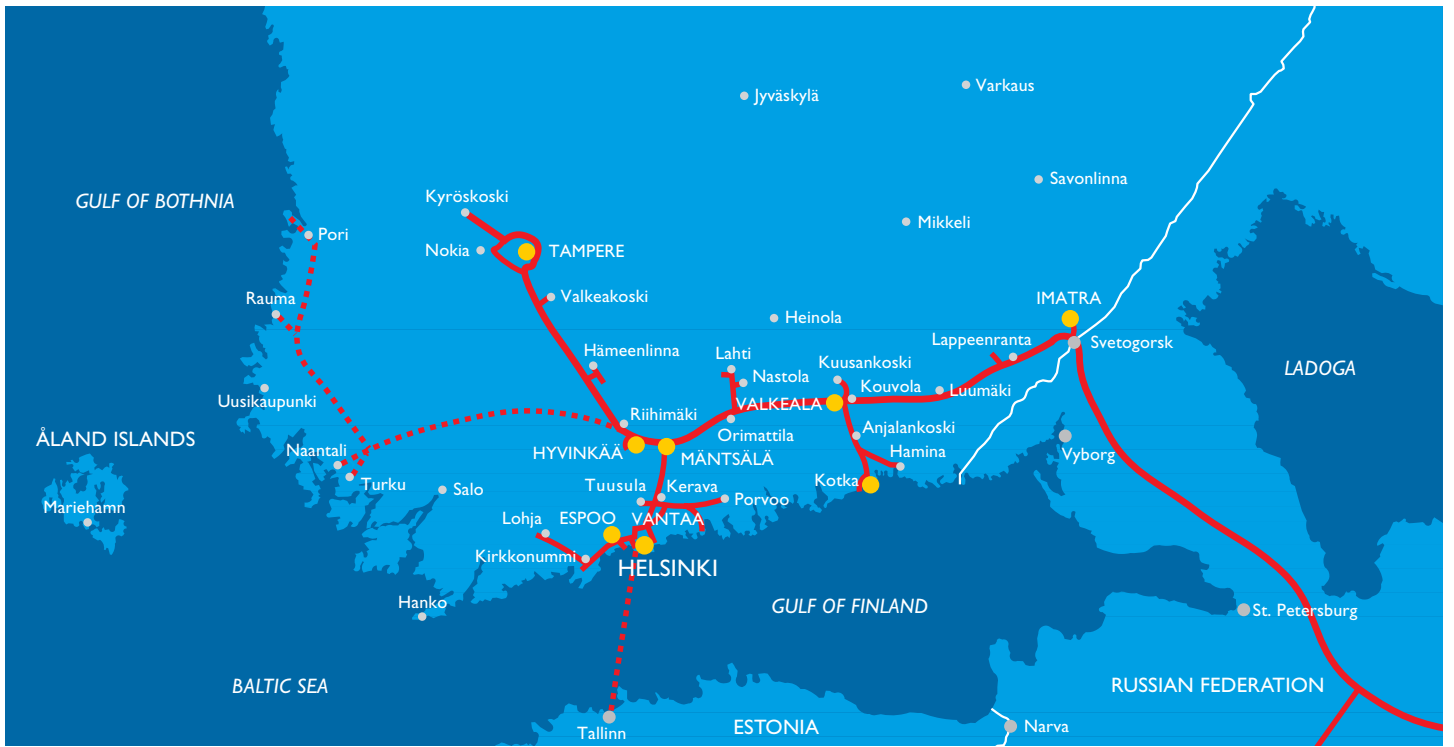
Managing director Jarko Alanko

Helsinkikaasu Oy

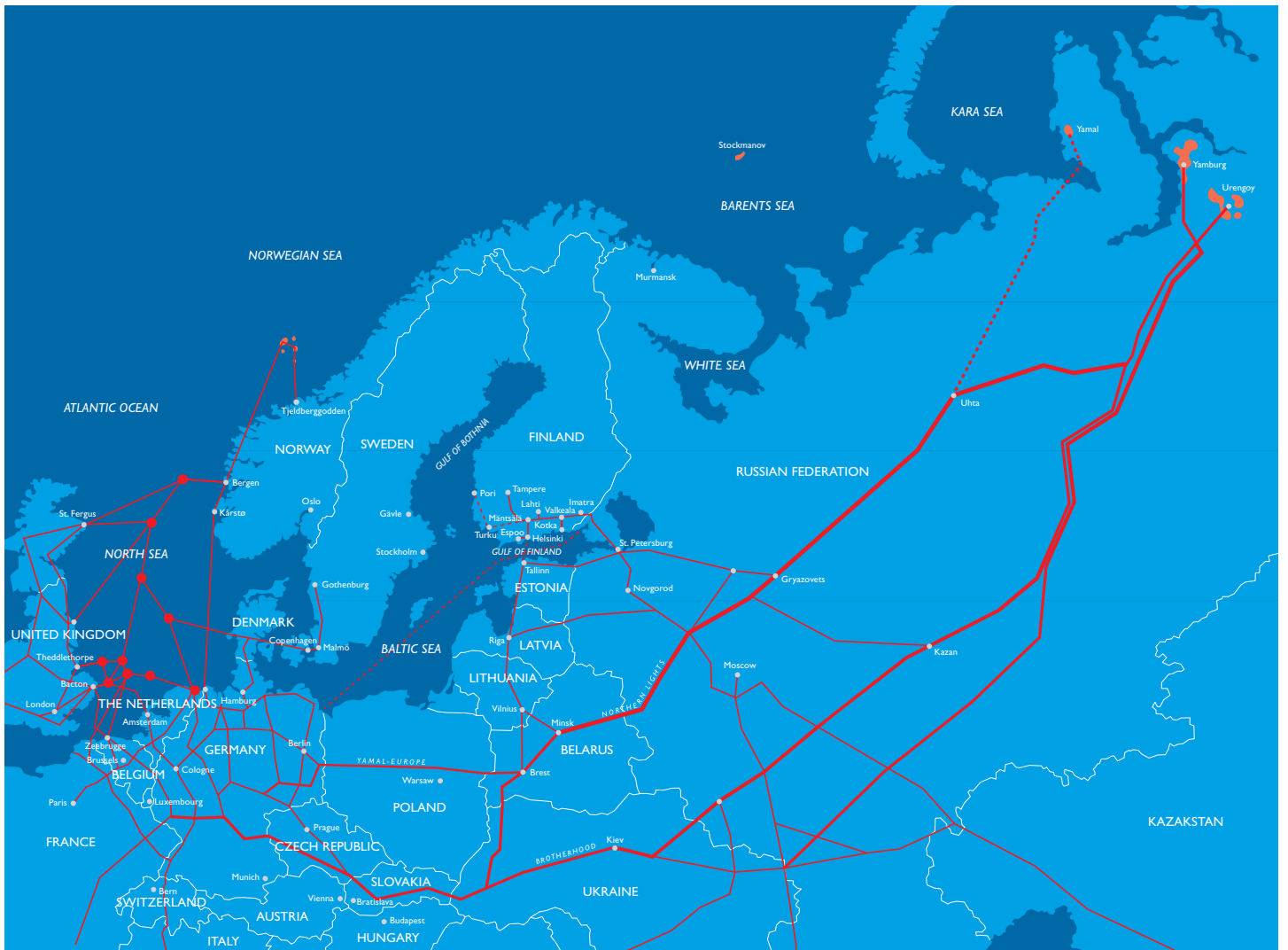
Managing director Kalevi Kempainen

Kaasupörssi Oy (Gas Exchange Ltd)

Managing director Pekka Karinen



● Gasum office — Natural gas grid Extensions under study



Gasum Group

Telephone +358 020 4471 (group switchboard)
www.gasum.fi

Gasum Oy

Head office
Keilaranta 6, FIN-02150 ESPOO
FINLAND

Natural gas centre
Kiehuvantie 89, FIN-45100 KOUVOLA

Reception station
Räikköläntie 170, FIN-55100 IMATRA

Hyvinkää maintenance centre
Kerkkolankatu 42, FIN-05800 HYVINKÄÄ

Tampere maintenance centre
Hatanpäänvaltatie 34 G, FIN-33100 TAMPERE

Compressor station
Hyvinkääntie 565, FIN-04680 HIRVIHAARA

Subsidiaries

Suomen Kaasuenergia Oy
Pulttikatu 1, FIN-48690 KARHULA
www.suomenkaasuenergia.fi

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