

Remuneration

The Finnish Corporate Governance Code 2008 requires that Fortum Corporation issues a salary and remuneration report of the company. Furthermore, in September 2009, the Cabinet Committee on Economic Policy, representing the State owner, issued guidelines on management remuneration and pension benefits in companies with State ownership. Fortum takes into account both the Code and the guidelines in its remuneration.

Remuneration at Fortum is determined according to Fortum Group's Remuneration Policy and Fortum's Global Compensation and Benefit Policy. Remuneration is aligned with the company's financial performance and external market data, observing remuneration levels for similar positions among peer companies and approved by the Board of Directors. Compensation for the members of the Supervisory Board and the Board of Directors is decided by the Annual General Meeting of Fortum Corporation.

Fortum offers a competitive compensation package for senior executives and other management, in order to attract and retain key resources in all Fortum

countries. The package offers employees competitive base salaries, purposeful benefits and challenging short-term incentives (STI) and long-term incentive (LTI) programs.

Short-Term Incentives (STI)

Fortum's short-term incentive system is an annual bonus system that exists to support the Group's values, the achievement of financial targets and structural changes, and to secure an alignment between the performance targets of the individual employee and the targets of the Group and division. All Fortum employees are covered by the annual bonus system except for some employee groups in

Poland and Russia. The STI criteria for senior management (the President and CEO and other members of Fortum's Management Team) are decided annually by the Board of Directors on the recommendation of the Board's Nomination and Remuneration Committee. The size of each senior executive's annual bonus is dependent on the Group's financial performance, as well as on their own success in reaching personal goals. The maximum STI level for the senior management is 40% of the person's annual salary including fringe benefits.

For executives with division responsibilities, the scheme reflects the performance of their division together with the Group's financial performance. The criteria for evaluating an executive's personal performance are mutually agreed between the executive and his/her superior in an annual performance discussion at the beginning of each year. The performance of the President and CEO is evaluated by the Board of Directors.

In 2009, the STIs paid to the Fortum Management Team (FMT), including the current as well as the former President and CEO, amounted to EUR 951,599, which is 0.27% of the total salaries and remuneration paid in the Fortum Group.

Remuneration of the President and CEO

The remuneration as well as the principle terms and conditions of President

Remuneration paid during 2009

EUR thousands	The President and CEO May 1 – Dec 31	The President and CEO Full year 2009	Other FMT members Oct 1 – Dec 31	Other FMT members Jan 1 – Sep 30
Salaries and fringe benefits	604	745	805	1,114
Performance bonuses ¹⁾	-	134	-	605
Total	604	879	805	1,719

Additionally, the President and CEO had a calculatory gross income of EUR 275,163 based on February 2009 share delivery from the LTI plan 2003-2008. The corresponding aggregated figure for the other members of the Fortum Management Team in office at the time of payment (excluding the current and the former CEOs) was EUR 929,114. These shares were granted in spring 2006 after the earning period with the value not exceeding participants' one year salary and were delivered after the three-year lock-up period.

¹⁾ Performance bonuses for 2008 were paid in spring 2009.

and CEO Tapio Kuula's employment are presented in the table below.

The former President and CEO Mikael Lilius has been paid his base salary until his retirement on 31.12.2009. In 2009, Fortum paid Mikael Lilius EUR 864,783 salaries and fringe benefits and EUR 346,729 performance bonus relating to the year 2008. Additionally, he had a calculatory gross income of EUR 725,504 based on February 2009 share delivery from the LTI plan 2003–2008.

Mikael Lilius is entitled to the annual bonus (STI) from the year 2009. The bonus is based solely on the financial performance of the company. In accordance with the terms and conditions of For-

tum's LTI arrangement, the value of the earned LTI bonus and granted share participations is limited to the amount of the former President and CEO's December 2009 monthly remuneration multiplied by twelve.

Both STI and LTI bonus payments will be done during first quarter 2010.

Long-Term Incentives (LTI)

Fortum's Management Performance Share (LTI) Arrangement is a performance-based, long-term incentive arrangement. It was launched in 2003 to support the achievement of the Group's long-term goals by attracting and retaining key personnel.

Purpose and General Structure of the LTI Arrangements

The purpose of an LTI arrangement is to function as share-related incentive schemes for the top management of the company as well as to offer the participants with the opportunity to share in the company's future success. The company expects that it will benefit from the interest which the participants will have in the company's success through equity participation.

Fortum's LTI arrangement is continuing incentive schemes, divided into annual performance share plans, within which the participants have the opportunity to earn shares of the company

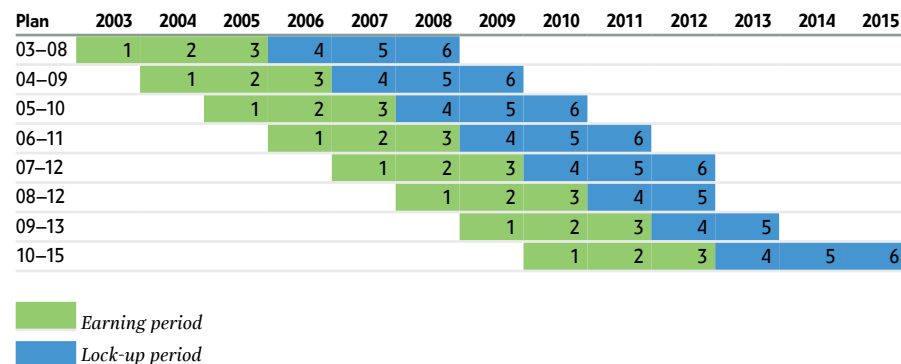
as a long-term incentive. A new plan commences annually upon decision by the Board.

In Fortum's LTI Arrangement, each plan begins with a three calendar year period, during which the participants may earn rights for the shares subject to achieving the earnings criteria set by the Board. After the earning period and after deduction for applicable tax and other employment related expenses from the gross value of the earned rights for shares, the participants are delivered the net balance of the earned rights in the form of so-called performance shares. The earning period is followed by a subsequent lock-up period during which

Employment terms and conditions of the President and CEO Tapio Kuula

Salary and fringe benefits	Base salary EUR 70,000/month. Additionally, free car benefit and mobile phone benefit as fringe benefits.
Short-term incentive (annual bonus)	The annual bonus can be earned according to the criteria approved by the Board of Directors. Maximum level 40% of annual salary + fringe benefits. Annual salary = 12 x salary of December of the year in question.
Long-term incentive	According to Fortum's current Management Performance Share Arrangement (LTI). The maximum value of shares delivered (before taxation) cannot exceed annual salary.
Pension	Retirement age 63. The President and CEO has a defined contribution pension plan. Its annual contribution is 25% of the annual salary. The annual salary consists of a base salary, fringe benefits and short-term incentives (annual bonus). In case the assignment is terminated before retirement age, the person is entitled to retain the benefits accrued in the Pension Plan for his benefit.
Termination of Assignment	Notice period on both parties 6 months. Severance pay (if the company terminates the agreement) = 6 months' notice period compensation + severance pay corresponding to the last monthly salary x 18

Table showing the earning and lock-up periods



the participants shall not be entitled to transfer or dispose of the performance shares. The decrease or increase in the value of the performance shares during the lock-up period is at the risk or for the benefit of the participants. Following the Cabinet Committee's Economic Policy for State-owned corporations, issued in September 2009, the maximum value of shares (before taxation) to be delivered to a participant after the earning period cannot exceed the participant's one-year salary.

Following the Cabinet Committee's Economic Policy for State-owned corporations the length of the lock-up period for newly issued plans will be extended

in 2010 from two to three years, and the aggregate duration of each individual plan from five to six years.

Selection and exclusion of the participants to LTI Arrangement

The members of Fortum's top management, who are entitled to participate in LTI Arrangement, are selected by the Board of Directors at its sole discretion. Participants are eligible to participate in such individual plans, in which there has been an earning period ongoing during his/her participation. The Board shall, however, be entitled to exclude individual participants from LTI Arrangement and from any future plans despite the

fact that the excluded participants may already have participated in the arrangement and in individual plans.

To be eligible for participation in a plan, an individual participant may not simultaneously be a member of the Fortum Personnel Fund.

Following recommendations from State Ownership Steering

Fortum's current LTI Arrangement fulfils the recommendations of State-owned companies and the Corporate Governance Code 2008.

Fortum does not have any on-going stock option programs. The subscription periods for the last stock option scheme (2002B) began in October 2006 and ended in May 2009. The members of current Fortum Management Team did not have any remaining stock options in 2009.

For more information about the incentive schemes, please refer to pages 157–160 in the Consolidated financial statements.

Pensions

Fortum's Finnish executives participate in the Finnish TyEL pension system, which provides for a retirement benefit based on years of service and earnings according to the prescribed statutory system. Under the Finnish pension system, base pay, incentives and taxable fringe benefits are included in the definition of earnings, although gains realised from stock options and from the LTI Arrangement are not. Finnish

pension legislation offers a flexible retirement from age 63 to age 68 without full pension limits. For the President and CEO the retirement age is 63 and for the other members of the Fortum Management Team, the retirement age is 60 or 63 and the pension paid can be a maximum of 66% or 60% of the remuneration. In the first case, the pensions are insured and paid by Fortum's pension fund, and in the latter, pensions are insured by an insurance company.

Pension fund in Finland

Fortum has one pension fund in Finland, the Fortum Pension Fund for employees in Finland only, which was closed in 1991. The fund offers certain supplementary pension benefits to people within the sphere of its operations. The most important of these are the overall guaranteed pension of 66% and the reduced retirement age of 60 for women and some men. At the end of 2009, the number of employees covered by the fund was 820 (1,020).

In addition to the persons covered by the pension fund, there are some two hundred other Fortum employees who have various additional pension benefits based on the systems of their previous employers. These benefits are insured by insurance companies. The clear majority of these persons are employees of the former E.ON Finland.

Share rights delivered or to be delivered to the management

Name	Year 2009 ¹⁾	Year 2010 ¹⁾	Year 2011 ²⁾
Tapio Kuula	8,682	8,422	5,661
Mikael Frisk	6,292	6,041	3,759
Timo Karttinen	5,174	5,166	3,272
Juha Laaksonen	7,227	7,014	5,170
Maria Paatero-Kaarnakari	2,643	2,539	1,745
Anne Brunila (from 1 October 2009)	-	-	-
Alexander Chuvaev (from 1 October 2009)	-	-	-
Per Langer (from 1 October 2009)	2,688	2,989	2,518
Matti Ruotsala (from 1 October 2009)	-	-	-
Mikael Lilius (until 30 April 2009)	22,423	-	-
Christian Lundberg (until 30 September 2009)	6,667	-	-
Maria Romantschuk (until 30 September 2009)	-	-	-

¹⁾ Actual numbers of shares delivered

²⁾ Calculative number of share rights, assumed tax deduction based on previous years

Pensions in Sweden

In Sweden, the majority of Fortum's employees are covered by statutory retirement pension benefits and an additional collective agreement-based supplementary pension scheme, ITP (Industrins Tilläggspension) for white-collar workers and SAF/LO (Svenskt Näringsliv/Landsorganisationen) for blue-collar workers. In addition, approximately 240 key persons have opted out a portion of the ITP plan and are members of Birka-planen, an alternative ITP-based pension scheme. Birka-planen guarantees a defined pension of the final pensionable salary at the time of retirement and was closed to new entrants in 2003. In 2006, Fortum therefore launched a new, alternative ITP-based pension scheme, ÖVER 10, for key persons earning more than 10 income base amounts. The scheme is contribution-based and offered both to existing and new employees. A limited number of employees in Sweden are also covered by separate pension schemes, due to earlier agreements with former employers.

Fortum Personnel Fund

The Fortum Personnel Fund (for employees in Finland only) has been in operation since 2000. The Board of Directors determines the criteria for the fund's annual profit-sharing bonus. Persons included in the LTI Arrangement are not eligible to be members of this fund. Members of the personnel fund are the permanent

and fixed-term employees of the Group. The membership of employees joining the company starts at the beginning of the next month after the employment relationship has been ongoing for six months. Fund membership terminates when the member has received his/her share of the fund in full.

The profit-sharing received by the fund is distributed equally between the members. Each employee's share is divided into a tied amount and an amount available for withdrawal. It is possible to transfer a maximum of 15% of capital from the tied amount to the amount available for withdrawal each year, once the employee has been a member for five years. The fund's latest financial year ended at 30 April 2009 and the fund then had a total of 3,155 members. At the end of April 2009 Fortum contributed EUR 4.7 million to the personnel fund as an annual profit-sharing bonus based on the financial results of 2008. The combined amount of members' shares in the fund was EUR 20.9 million. The amount available for withdrawal is decided each year and it is paid to members who want to exercise their withdrawal rights.

Compensation for Supervisory Board service

Each Supervisory Board member receives a fixed monthly fee and a meeting fee. The employee representatives receive only a meeting fee. All members are

entitled to travel expense compensation in accordance with the company's travel policy. Members of the Supervisory Board are not offered any LTI Arrangement, or participation in other incentive schemes, nor do they have a pension plan at Fortum.

The Annual General Meeting has confirmed the following remuneration for Supervisory Board service:

EUR/month	2009	2008
Chairman	1,000	1,000
Deputy Chairman	600	600
Members	500	500
Meeting fee	200	200

Total compensation for Supervisory Board paid by Fortum

EUR, total compensation	2009	2008
Chairman	13,000	14,000
Deputy Chairman	8,200	8,000
Other members	59,425	54,423

Compensation for Board service

Each Board member receives a fixed monthly fee and a meeting fee. The meeting fee is also paid for committee meetings and is paid in double to a member who lives outside Finland in Europe. The members are entitled to travel expense compensation in accordance with the company's travel policy.

Board members are not offered any LTI Arrangement, or participation in other incentive schemes, nor do they

have a pension plan at Fortum.

The Annual General Meeting has confirmed the following compensation for Board service:

EUR	2009	2008
Chairman	66,000	66,000
Deputy Chairman	49,200	49,200
Members	35,400	35,400
Meeting fee	600	600

Total compensation for Board of Directors paid by Fortum

EUR	2009	2008
Chairman	75,275	70,250
Deputy Chairman	58,200	54,259
Other members of the Board	195,588	220,850