

## FORTUM CORPORATION 2002 STOCK OPTION TERMS AND CONDITIONS

The Annual General Meeting of Shareholders of Fortum Corporation has on 26 March 2002 resolved to issue stock options to the key personnel of Fortum Corporation ("Fortum" or "Company") and its subsidiaries ("Fortum Group") and to a wholly owned subsidiary of Fortum, determined by the Board of Directors, on the following terms and conditions:

### I STOCK OPTION TERMS AND CONDITIONS

#### 1. Number of Stock Options

The number of stock options issued will be 25,000,000, which entitle subscription for a total of 25,000,000 shares in Fortum.

#### 2. Stock Options

Of the stock options 12,500,000 will be marked with the symbol 2002A and 12,500,000 with the symbol 2002B. Recipients of the stock options will be notified in writing by the Company about the stock option offer. The stock options will be distributed to the recipient when he/she has accepted the offer of the Company. Stock option certificates shall upon request be delivered to the stock option owner at the start of the relevant share subscription period, unless the stock options have been transferred to the book-entry securities system.

#### 3. Right to Stock Options

The stock options shall, with deviation from the shareholders' pre-emptive right to subscription, be issued to the key personnel of the Fortum Group and a wholly owned subsidiary of Fortum, determined by the Board of Directors. It is proposed that the shareholders' pre-emptive right to subscription be deviated from since the stock options are intended to form part of the key personnel incentive and commitment program.

#### 4. Distribution of Stock Options

The Board of Directors decides upon the distribution of the stock options. Stock options shall be distributed to a wholly owned subsidiary of Fortum to such extent that the stock options are not distributed to key personnel of the Fortum Group. The Board of Directors of Fortum shall later on decide upon the further distribution of the stock options distributed to the subsidiary to the key personnel employed by or to be recruited by the Fortum Group.

Upon issuance, all stock options 2002B shall be distributed to a wholly owned subsidiary of Fortum, which can, by the resolution of the Board of Directors of Fortum, distribute stock options 2002B to the key personnel employed by or to be recruited by the Fortum Group.

The Board of Directors may annually distribute stock options to the key personnel, only if the increase in Fortum Group's earnings per share (EPS) is at least five (5) percent. The EPS increase is defined as the EPS growth of the latest accounting period compared with the preceding period. The Board of Directors may in the earnings calculation take into account changes in the price of raw oil and the international refining margin.

The Board of Directors shall establish a maximum annual number of potentially distributable stock options. The proportion of this annual maximum that actually becomes available for distribution, is influenced by the Company's relative share price development compared to the European Utilities Index during a period of twelve (12) calendar months preceding the month that the stock options are to be distributed:

- if Fortum's share price development exceeds the development of the European Utilities Index by a minimum of (8) percent, the total maximum annual number of stock options can be distributed,

- if Fortum's share price development is weaker than the development of the European Utilities Index, none of the stock options can be distributed,
- if Fortum's share price development equals the development of the European Utilities Index, one third (1/3) of the total maximum annual number of stock options can be distributed,
- if Fortum's share price development exceeds the development of the European Utilities Index by zero to eight (0-8) percent, the proportion of the annual maximum that becomes available for distribution shall be determined by multiplying with 8.33 the percentage unit, by which the development of the Fortum share price exceeds the development of the European Utilities Index, and adding 0.33 (1/3) to the acquired number.

When calculating the number of distributable stock options, the percentage units will be taken into account to two decimals and the number of stock options will be rounded to the nearest full figure.

The Board of Directors can estimate potential effects of corporate acquisitions, arrangements or other comparable significant changes on the Fortum Group earnings and on the relative development of the Fortum share price and make corresponding adjustments to the Fortum Group earnings and relative Fortum share price development conditions that have been set in the stock option terms and the conditions.

#### 5. Transfer of Stock Options and Obligation to Offer Stock Options

The stock options are freely transferable, when the relevant share subscription period has commenced. The Company shall hold the stock options on behalf of the stock option owner until the beginning of the share subscription period. The stock option owner has the right to acquire the possession of the stock options when the relevant share subscription period begins. Should the stock option owner transfer his/her stock options, such person is obliged to inform the Company about the transfer without delay. The Board of Directors may, as an exception to the above, permit the transfer of a stock option also before such date, given that the reason is justifiable for the Company.

Should a stock option owner cease to be employed by or in the service of the Fortum Group, for any other reason than the death of the employee, or the statutory retirement of the employee in compliance with the employment contract, or the retirement of the employee as otherwise defined by the Company, such person shall without delay offer to the Company or its order, free of charge, the stock options for which the share subscription period had not begun on the last day of such person's employment or service. The Board of Directors can, however, after the stock option owner has offered his/her stock options, decide that the stock option owner is entitled to keep offered stock options or a part of them, given that the reason is justifiable for the Company.

Regardless of whether the stock option owner, under an obligation to offer, has offered his/her stock options to the Company or not, the Company is entitled to inform the stock option owner in writing that the stock option owner has lost his/her stock options on the basis of the above-mentioned reasons. Should the stock options have been transferred to the book-entry securities system, the Company has the right, whether or not the stock options have been offered to the Company, to request and get transferred all the stock options, for which the share subscription period had not begun, from the stock option owner's book-entry account to the book-entry account appointed by the Company without the consent of the stock option owner. In addition, the Company is entitled to register transfer restrictions and other corresponding restrictions concerning the stock options to the stock option owner's book-entry account without the consent of the stock option owner.

### II SHARE SUBSCRIPTION TERMS AND CONDITIONS

#### 1. Right to Subscribe New Shares

Each stock option entitles its owner to subscribe for one (1) share in Fortum. The nominal value of each share is 3.40 euro. As a result of the subscriptions the share capital of Fortum may be increased by a maximum of 85,000,000 euro and the number of shares by a maximum of 25,000,000 new shares.

The wholly owned subsidiary of Fortum shall not be entitled to subscribe shares in Fortum on the basis of the stock options.

## 2. Share Subscription and Payment

The share subscription period shall be:

- for stock options 2002A 1 October 2004 - 1 May 2007 and
- for stock options 2002B 1 October 2006 - 1 May 2009.

The share subscription shall take place at the head office of Fortum or possibly at another location to be determined later. The subscriber shall transfer the respective stock option certificates with which he/she subscribes shares, to the Company, or if the stock options have been transferred to the book-entry securities system, the stock options with which shares have been subscribed shall be deleted from the subscriber's book-entry account. Payment for shares subscribed shall be effected upon subscription to the bank account appointed by the Company. The Company shall decide on all measures concerning the share subscription.

## 3. Share Subscription Price

The share subscription price shall be:

- for stock option 2002A the Fortum trade volume weighted average share price on the Helsinki Exchanges between 1 January and 31 March 2002 and
- for stock option 2002B the Fortum trade volume weighted average share price on the Helsinki Exchanges between 1 January and 31 March 2003.

From the share subscription price of stock options shall, as per the dividend record date, be deducted the amount of the dividend decided after the beginning of the period for determination of the share subscription price and before share subscription.

The share subscription price will be rounded to the nearest full cent. The share subscription price shall nevertheless always amount to at least the nominal value of the share.

## 4. Registration of Shares

Shares subscribed for and fully paid shall be registered in the book-entry account of the subscriber.

## 5. Shareholder Rights

Dividend rights of the shares and other shareholder rights shall commence when the increase of the share capital has been registered with the Trade Register.

## 6. Share Issues, Convertible Bonds and Stock Options before Share Subscription

Should the Company, before the share subscription, increase its share capital through an issue of new shares, or issue of new convertible bonds or stock options, a stock option owner shall have the same right as or an equal right to that of a shareholder. Equality is reached in the manner determined by the Board of Directors by adjusting the number of shares available for subscription, the share subscription price or both of these.

Should the Company, before the subscription for shares, increase its share capital by way of a bonus issue, the subscription ratio shall be amended so that the ratio to the share capital of shares to be subscribed by virtue of stock options remains unchanged. If the number of shares that can be subscribed for by virtue of one stock option should be a fraction, the fractional part shall be taken into account by reducing the share subscription price.

## 7. Rights in Certain Cases

If the Company reduces its share capital before the share subscription, the subscription right accorded by the stock option terms and conditions shall be adjusted accordingly as specified in the resolution to reduce the share capital.

If the Company is placed in liquidation before the share subscription, the stock option owner shall be given an opportunity to exercise his/her subscription right before the liquidation begins within a period of time determined by the Board of Directors.

If the Company resolves to merge in another company as the company being acquired or in a company to be formed in a combination merger, or if the Company resolves to be divided, the stock option owner shall, before the merger or division, be given the right to subscribe for the shares with his/her stock options within a period of time determined by the Board of Directors. After such date no subscription right shall exist. In the above situations the stock option owner has no right to require that the Company redeem the stock options from him/her for market value.

If the Company, after the beginning of the period of share subscription, resolves to acquire its own shares by an offer made to all shareholders, the stock option owners shall be made an equivalent offer. In other cases acquisition of the Company's own shares does not require the Company to take any action in relation to the stock options.

In case, before the end of the subscription period, a situation, as referred to in Chapter 14 Section 19 of the Companies Act, in which a shareholder possesses over 90% of the shares of the Company and therefore has the right and obligation to redeem the shares of the remaining shareholders, or a situation, as referred to in Chapter 6 Section 6 of the Securities Market Act, or a situation, as referred to in Section 19 in the Articles of Association arise, the stock option owners shall be entitled to use their right of subscription by virtue of the stock option within a period of time determined by the Board of Directors.

If the nominal value of the share is changed while the share capital remains unchanged, the share subscription terms and conditions shall be amended so that the total nominal value of the shares available for subscription and the total share subscription price remain the same.

Converting the Company from a public company into a private company will not affect the stock option terms and conditions.

## III OTHER MATTERS

The laws of Finland shall be applied to these terms and conditions. Disputes arising in relation to the stock options shall be settled by arbitration in accordance with the Arbitration Rules of the Central Chamber of Commerce.

The Board of Directors may decide on the transfer of the stock options to the book-entry securities system at a later date and on the resulting technical amendments to these terms and conditions, including those amendments and specifications to the terms and conditions, which are not considered essential. Other matters related to the stock options are decided on by the Board of Directors. The stock option documentation is kept available for inspection at the head office of Fortum in Espoo.

The Company is entitled to withdraw the stock options, which have not been transferred, or with which shares have not been subscribed, free of charge, if the stock option owner acts against these terms and conditions, or against regulations given by the Company on the basis of these terms and conditions, or against applicable law, or against regulations by authorities.

These terms and conditions have been written in Finnish, Swedish and in English. In case of any discrepancy between the Finnish, Swedish and English terms and conditions, the Finnish terms and conditions are decisive.