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▶ **TIETO**

ANNUAL REPORT 1998

GENERAL MEETING OF SHAREHOLDERS

Tieto Corporation's Annual General Meeting will be held on Thursday 13 March 1999, commencing at 5 pm, at Tieto's head office, Kutojantie 10, Espoo, Finland. Shareholders wishing to attend the meeting must notify the company no later than by 4.00 pm (local Finnish time) on 8 March 1997:

Tieto Corporation
Ms Anne Rontu
P.O. Box 33, FIN-02631 Espoo, Finland
Tel. +358 9 526 2203
E-mail: anne.rontu@tieto.com

Shareholders registered in the shareholder register maintained by the Finnish Central Securities Depository Ltd by the record date 6 March 1999 are entitled to attend the meeting

DIVIDEND PROPOSAL

The Board of Directors proposes that a dividend of FIM 2.90 per share be paid on the year 1998. The dividend approved by the General Meeting will be payable from 23 March 1999.

Interim reports 1999

| | |
|---------------------|-----------------|
| January – March | 30 April 1999 |
| January – June | 30 July 1999 |
| January – September | 29 October 1999 |

Tieto will also arrange teleconferencing facilities on the publication of each interim report. The invitation to participate will be sent in the form of a stock exchange bulletin.

PUBLICATIONS

The company's annual report and interim reports are available in English and Finnish and may be ordered from:

Tieto Corporation / Corporate Communications, P. O. Box 33, FIN-02631, Espoo, Finland, or
Tel. +359 9 862 62502
Telefax +358 9 862 63331
E-mail: anne.sampi@tieto.com

The annual report and interim reports are also published in Tieto's Internet page, www.tieto.com.

CHANGES OF ADDRESS

Shareholders are kindly requested to notify any changes of address to the book-entry register where their book-entries are maintained.

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**TIETO IS AN INFORMATION
SOCIETY BUILDER AND
AN **IT** SERVICE PARTNER
OFFERING ITS CUSTOMERS
HIGH ADDED VALUE.**

Strategic

focus

beyond

2000

Tieto is an information technology service company which specializes in the developing, integration, maintenance and operation of advanced information systems. Tieto is the largest company in its field in Finland and one of the largest in the Nordic countries. Tieto operates in 12 European countries, principally in Northern Europe.

Tieto's core business is high-value-added professional services, which it provides to large corporate customers within a framework of close strategic partnership. Its main business sectors are banking and insurance, post, telecommunications, energy, trade, media industry, public administration, the forest industry, and the manufacturing industries.

The company provides professional services dedicated to these sectors, as well as processing and network services, financial and personnel management systems and technology products for customers in general.

▶ TIETO'S LEADING CONCEPTS

Vision

A builder of the new information society and the leading provider of high-value-added information technology services in Northern Europe.

Mission

To enhance the efficiency and profitability of its customers' businesses through the use of information technology and information networks.

Goals

- To achieve faster than average growth exceeding 15 % of annual net sales.
- To increase shareholder value and generate operating profit exceeding 10 % of annual net sales.
- To be an IT partner to its customers offering them high added value.

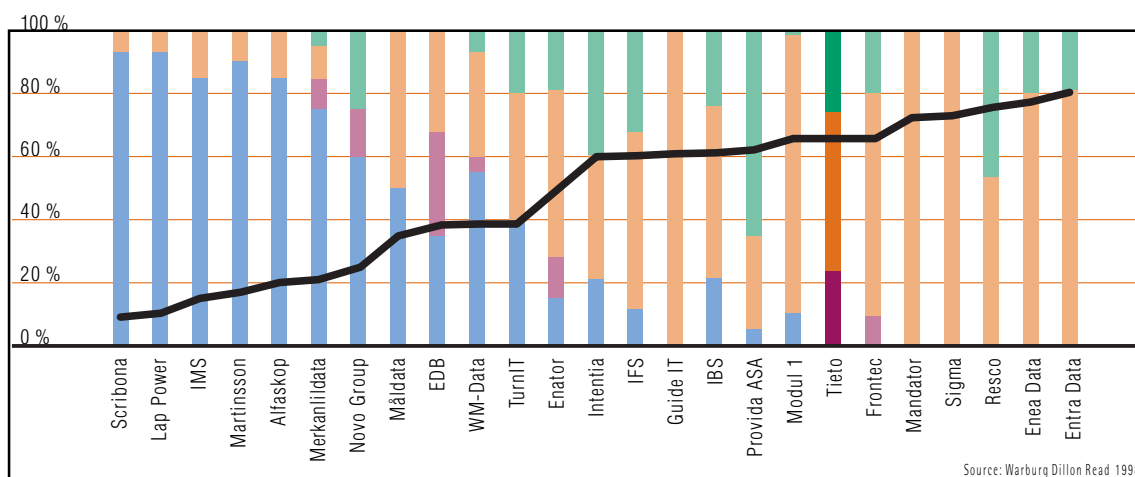
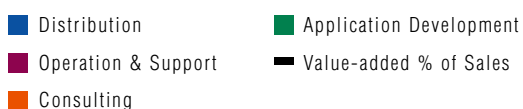
Strategy

Tieto focuses on those sectors of professional services, processing and network services, and packaged software services in which it can gain the best expertise in the market, command a solid market position and achieve strong profitability.

Values

Tieto's leading values are Customer Benefit and Personal Growth. The company generates added value for its customers and owners through a high level of knowhow, while offering top professionals in the field continuous opportunity to grow and develop.

BUSINESS MIX OF NORDIC INFORMATION TECHNOLOGY SERVICE COMPANIES

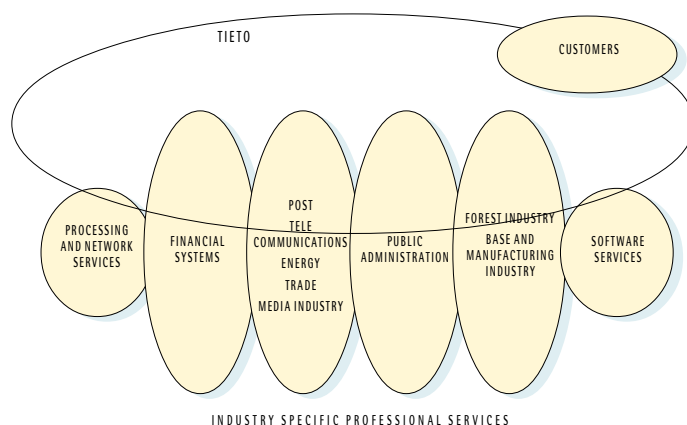


Tieto's goal is to be the leading provider of high-value-added professional services in Northern Europe. Tieto has systematically been developed as a company providing high added value to its customers, a strategy which is further strengthened by the alliance with the Swedish company Entra Data.

Source: Warburg Dillon Read 1998

► HIGHLIGHTS OF 1998

- Demand for information technology services remained strong. Tieto's growth was maintained by information society development, European integration and the turn of the millennium.
- Tieto increased market share in the Nordic and Baltic countries through acquisitions to consolidate its core businesses and by merging of operations. The most important acquisitions took place in the financial services sector. In July Tieto acquired Latvia's largest financial software services company Konts SIA. In November Tieto and the Swedish company Entra Data AB decided to combine their banking, financial and insurance business operations.
- Country companies started operating in Tieto's principal foreign markets to support and accelerate its internationalization. The country companies are responsible for administration in these markets, freeing Tieto's divisions to concentrate on business development and expansion.
- In May Tieto and Finland Post established a joint venture company called Nordic Printmail Oy, which took over their paper printing operations.
- Tieto selected the information content industry as one of its core customer businesses. This industry is rapidly implementing information networks as a means of producing and distributing products and services.
- In September Tieto concluded a framework agreement with Sonera, Finland Post, Merita Bank, Leonia Bank and the Okobank group to establish a company to supply technical certificate services. This means digital verification and digital signature services for electronic commerce and communication between public authorities and citizens.
- Altogether 2,492 company employees subscribed for the 1998 bond with warrants to personnel. Subscription of shares based on the A warrants attached to the 1996 bond with warrants began on 1 December 1998. Bonds with warrants form part of Tieto's personnel incentive scheme.



► KEY INDICATORS

| | 1998 | | 1997 | | change |
|---|--------------------|-------|---------|-------|--------|
| | FIM | EUR | FIM | EUR | % |
| Netsales, million | 2,813.1 | 473.1 | 2,433.0 | 409.2 | +15.6 |
| Operating profit, million | 421.8 | 70.9 | 274.7 | 46.2 | +53.5 |
| Net financial items, million | 6.0 | 1.0 | 7.1 | 1.2 | -15.5 |
| Pre-tax profit, million | 427.7 | 71.9 | 281.8 | 47.4 | +51.8 |
| Earnings per share | 5.76 | 0.97 | 3.58 | 0.60 | +60.9 |
| Earnings (less goodwill amortization) per share | 6.39 | 1.07 | 4.19 | 0.70 | +52.5 |
| Shareholders' equity per share | 18.42 | 3.10 | 17.26 | 2.90 | +6.7 |
| Dividend per share | 2.90 ¹⁾ | 0.49 | 1.79 | 0.30 | +62.0 |
| Investments, million | 327.9 | 55.1 | 329.5 | 55.4 | -0.5 |
| Interest-bearing net debt, million | -122.4 | -20.6 | -214.9 | -36.1 | -43.0 |
| Return on investment, % | 43.7 | | 31.8 | | |
| Return on equity, % | 32.4 | | 22.3 | | |
| Gearing, % | -12.0 | | -23.1 | | |
| Equity ratio | 62.4 | | 63.2 | | |
| Personnel on average | 4,868 | | 4,221 | | +15.3 |
| Personnel at year end | 5,064 | | 4,332 | | +16.9 |
| ¹⁾ Proposal of dividend | | | | | |



Tieto, an information society builder ▶

Tieto is solidly positioned to be a major player in the construction of tomorrow's information society. Tieto's concentration on the highest-value-added information technology services in strong Nordic and data-intensive sectors – that is, its own software products, development and integration services for information systems, and advanced support services – has created the best business expertise in the market.

A handwritten signature in black ink, appearing to read 'Matti Lehti'.

M a t t i L e h t i

FROM ROADS TO THE INFORMATION HIGHWAY

The world's developed economies are making rapid progress towards a true information society in which all products and services will be produced, marketed and consumed via electronic networks. Servers and information networks will become the most important means of production and distribution for most products and services. Production and consumption are moving to information networks because these offer customers a faster, more cost-effective and more environment-friendly way of getting their products and services.

The Nordic countries and the banking sector are pioneering the development of the information society on a global scale. The high density of Internet and mobile phone connections in the Nordic countries has already made banking and payment services available on electronic networks and the same is happening to travel agency services, entertainment and media services, and public administration services. The sectors making greatest progress in this direction are those most reliant on data, but no sector will be left entirely untouched by this revolution.

STRUCTURES AND WORKING PRACTICES ARE CHANGING

The 'networking' of production and consumption is radically changing the way business sectors are organized and operate. Physical production of goods is becoming an automatic function of network terminals, while content, servers and transmission paths increasingly converge. This is particularly true of large corporations, whose information systems of the future will be integrated telecommunications and information technology entities enabling fixed and mobile terminals to act as a single system anywhere in the world.

Information systems have expanded from their original mainframe environment to workstation server systems, and further to today's network systems. This is increasing the complexity of data processing, forcing companies to outsource their development and production tasks to specialized service companies.

Strong information technology partners are becoming an essential asset in the move towards the information society of the future. This trend is opening up excellent opportunities for development and internationalization for companies like Tieto which combine knowhow of both business processes and information technology.

TIETO IS A PARTNER TO ITS CUSTOMERS

Tieto sees its future role as being an information society builder and a partner to its customers; one that is able to strengthen their competitiveness in the new information society by providing high-value-added information services.

The increasing complexity of information systems, due to their workstation and network architecture, places enormous demands on a business partner operating as an integrator. In Tieto's

opinion, information technology companies can offer high-standard integration services and be a real partner only if they also possess a strong knowledge of their customers' businesses, coupled with solid expertise in information technology.

Tieto has refined its business knowledge and partnership strategy more than any other information technology company in the Nordic countries. Examples are our mill systems for forest industry companies and our innovative partnership model for the banking sector.

Tieto's strategy, which emphasizes specialization and high added value, is substantially different from the strategy chosen by many of its competitors to diversify and expand into peripheral information technology services. The differences are explained by the histories of these companies, the structure and size of their domestic markets, and their internationalization priorities.

READY TO BUILD THE INFORMATION SOCIETY

Tieto is solidly positioned to be a major player in the construction of tomorrow's information society. Tieto's concentration on the highest-value-added information technology services in strong Nordic and data-intensive sectors – that is, its own software products, development and integration services for information systems, and advanced support services – has created the best business expertise in the market. The company has withdrawn from low-value-added services, but has nevertheless maintained annual sales growth in excess of 15 %.

The change in Tieto's service structure has been evidenced by a continuous improvement in its profitability throughout the 1990s. In 1998 Tieto's pretax profit reached 15 % and its return on investment 44 % of net sales.

Growth in shareholder value was positive in all the divisions during the year. Tieto will continue to generate higher than average shareholder value through sales growth, healthy margins and efficient use of capital. Our tools for growth are strong organic growth, precisely targeted acquisitions and a willingness to participate in restructuring in our field. We will make better use of our capital by leasing business premises instead of owning them.

INVESTMENTS IN PEOPLE

Tieto's leading values are customer benefit and personal growth. This means that the company's most important investments are the resources it devotes to its people. We have placed especially high priority throughout the 1990s on increasing investments in personnel development and last year these investments totalled approximately FIM 120 million.

At the end of the year Tieto had 5,046 highly competent information technology professionals, 732 more than at the end of the previous year. I would like to extend my heartfelt thanks to all of them for their commendable efforts during the year, as I also offer my gratitude to our customers for placing in our charge an even greater proportion of their information technology.

SOLID EXPERTISE BENEFITS CLIENTS' BUSINESSES

Tieto's mission is to provide its customers with major business benefits through the use of information technology and data networks. Achieving these benefits for the customer calls for thorough knowledge of the customer's business processes and sector, as well as solid competencies in technologies, methods and processes.

IT partners are expected to take a proactive approach to understanding their customer's business and to know how other companies in the same sector operate worldwide. The IT partner should help customers develop business operations based on new technology as well as streamline existing operating processes. Professional service depends on understanding not only the customer's needs but also the needs of the customer's customer.

In 1998 Tieto decided to develop a common concept for measuring customer benefit. The first step was to establish how key Tieto customers rank different areas of expertise. Customers placed greatest emphasis on project management, applications management, technology and business sector expertise in their assessments:

| | |
|---|-------|
| Expertise in project management | ▶ 4.5 |
| Expertise in applications management | ▶ 4.4 |
| Expertise in technology | ▶ 4.3 |
| Business sector expertise | ▶ 4.1 |
| Operating services expertise | ▶ 3.9 |
| Understanding the customer's needs and requirements | ▶ 3.8 |
| Knowing the customer's needs and ways of operating | ▶ 3.7 |

(scale of 1 to 5, with 5 being most important)

The key personnel in project management are experienced project managers, of which we have about 500 in Tieto. We also have some 2,500 experts in systems development and applications tailored to a business sector or customer, and about 1,000 experts in Tieto's own software products. Experts in operating services for mainframes, servers and networks number approximately 800.

The views and opinions of customers form the basis for Tieto's development of its intellectual capital.

CONTINUOUS DEVELOPMENT OF PROJECT MANAGEMENT AND SOFTWARE ENGINEERING SKILLS

Multivendor projects and international projects are making the work of project managers increasingly more demanding. Training programs for project managers have been updated to meet the rising competency requirements. A training program lasting one year has

been launched for experienced individuals, who are then eligible for a project manager's certificate on completion of the course.

Applications management of large database and transaction processing systems calls for a thorough knowledge of mainframes, which will be needed long into the next century. Our 'Mainframe Professionals' program specializes in training new experts to meet this need. Personnel are also given specialized and advanced courses in the methods and tools for software engineering and data management.

COMPETENCY CENTRES TRANSFER EXPERTISE IN NEW TECHNOLOGY

The trend in technology development is for the widespread deployment of networks and object-oriented software engineering and the introduction of operations management software. Tieto provides its personnel with an array of extensive training programs specializing in these new techniques. Our support groups and Competency Centres keep expertise up-to-date through internal networking.

Competency Centres have been set up for electronic commerce, e-services, smartcards, data warehouses, operational control and data security. These Centres transfer expertise by networking with other Tieto units, participating in personnel training and implementing customers' projects.

Mobile phones are becoming vital terminal devices for users of IT systems as they can be used to offer consumers and companies a wide range of information and banking services. Tieto is developing applications that will integrate mobile technology with clients' IT systems.

Many of Tieto's customers construct extensive operations management systems, aiming to use the same software throughout the world. Standard software applications for this purpose include SAP R/3, Baan and MFG/Pro. The skills essential for successful deployment of these packages are supported by Tieto's expertise in operational management and its business sector knowledge.

INTERNATIONAL MANAGEMENT TRAINING INCREASED

The 'Tieto International Management Program' and Tieto Executive Development Program' are enhancing the ability of managers to operate in an international business environment. Some 50 executives a year attend courses in Tieto's different units. The programs aim to improve participants' capabilities for working in different cultures and leading international teams. They also provide tools for strategic planning, marketing, personnel management and financial management.



In the new information society many services will be produced, marketed and consumed electronically, via information networks. Information technology and telecommunications are converging into a single seamless entity. Knowhow and specialization are growing in value. Tieto's expertise in network services is based on a combination of technology and knowledge of its customers' business sectors. Sari Seppänen and Mika Könnölä.

- ▶ Tieto is building its intellectual capital based on the views of its customers

Networked banks open round the clock ▶



FINANCIAL SECTOR

Change and concentration continued to typify the financial services sector during 1998. The common European currency, coupled with European Monetary Union, are removing many obstacles to competition, which is creating a European-wide market. Northern Europe and the Baltic Rim states, on the other hand, are forming a single market mainly controlled by a few number of large banks, insurance companies and financial services houses. Adding to competition in the field are a fair number of local, specialized players.

Information technology and telecommunications are becoming increasingly important competitive factors for financial sector companies. This sector is in the front line of businesses adopting the technology of the new information society, a process which is radically changing operating methods and distribution channels.

Competition is becoming increasingly tough, interest margins are being cut and payments traffic is rapidly becoming more international. Electronic payment and self-service are becoming prevalent. Demand for various investment services is broadening, and the popularity of savings, life and pension insurance schemes is growing.

Tieto's financial services business continued to expand strongly and the company signed agreements for several major projects with its partner-customers. Fidenta Oy, Merita Bank Oyj and Tieto decided to extend their joint system development and cooperation agreements, which will further strengthen the extensive and long-standing cooperation which these companies have enjoyed. Tieto and Leonia Bank Oyj tightened their partnership when their joint venture company Tietoleonia Oy took over responsibility for developing the bank's technical and application architecture.

Liquidity management software based on the latest object-oriented technology was supplied to two banks. A new partnering agreement in Professional and Processing and Network Services significantly deepened cooperation with the Finnish Central Securities Depository.

A number of new consultancy and information system contracts were signed with insurance companies. Year 2000 projects were for the most part completed, while modifications in prepara-

Banks are among the first sectors to network their services, a process which is radically changing how this sector operates. Information technology and telecommunications are emerging as increasingly vital tools for banking. In Finland, for example, Merita Customer Financing can give customers a decision on a new loan in just four minutes. Leila Lappalainen of Merita Customer Financing with Jukka Melanen of Fidenta.

FINANCIAL SYSTEMS SECTOR'S
SHARE OF GROUP NET SALES IN 1998 ^{*)}



28.4%

^{*)} Includes Tieto's share of net sales of associated companies under Tieto management

tion for the euro got under way. Tieto-Tapiola Oy and Sampo Insurance Company agreed to acquire the new Tieto Object object-oriented method with consultancy services. Sampo also ordered a Documentum document management system.

In the field of pension insurance, TKP Tieto Oy supplied the Pension Security Centre and employment pensions companies with new information systems for data management, transmission of pension applications and registration of pension decisions. This upgrading project, which began in the mid-1990s, will continue into the early years of the next century. Apart from the Pension Security Centre, the ready information systems are now being used by thousands of people in employment pension companies and the National Pensions Institute.

Tieto's Processing and Network Services Division signed a contract with FD Finanssidata Oy transferring responsibility for its paper printing operations to Tieto. FD Finanssidata also decided to go ahead with the first phase of a new twin computer centre. Leonia Bank and Oy Samlink Ab also placed orders for equipment expansions.

Tieto's acquisition of a majority holding in Konts SIA, a Latvian high-technology specialist in payment card systems, marked the transfer to Tieto of Latvia's largest financial software company. Konts made impressive progress in development of its business operations during the year including an agreement worth several million Finnmarks to supply a payment card system to Ukrainian Processing Centre, the largest payment card processing centre in the country.

At the end of the year Tieto and the Swedish company Entra Data AB pooled their expertise in IT systems for the financial services sector. Entra, together with Tieto's other financial sector companies, form the leading IT financial systems business entity in Northern Europe with 1500 professionals networked throughout the Baltic Rim.

POST

Restructuring in the postal sector continues unabated. In most European countries post and telecommunications have now been segregated into different business entities. Finland is no exception. Teleoperators can look forward to a future involving increasing privatization and internationalization, whereas in the postal sector only the national postal administrations of Germany and the Netherlands have started down this road.

The future of Europe's postal operators is determined by international competition, future EU policies and the ambitions of political decision-makers in individual countries. The EU's guidelines for deregulation of postal services will come into force in 2003. Domestic and international competition will increase, affecting both conventional transportation and distribution as well as the emerging areas of electronic commerce and communication.

Finland Post's systematic measures to develop and intensify its operations have included investments in a new parcel sorting centre. This project, which calls for upgrading of sorting equipment and processes, together with the information systems which support them, is one of the most important of Finland Post's and Tieto's joint projects.

During the year Tieto was also responsible for developing Finland Post's information system, renewing its address database, and bringing a dispatch monitoring system and insurance sales application into operation. The Post's distributed processing and network services were expanded and strengthened with the addition of round-the-clock service.

Tieto and Finland Post were also engaged in significant co-operation in other areas during the year. The joint printing company Nordic Printmail Oy started operating at the beginning of May. In October the decision was made to set up a new company to provide the technical certificate services required for electronic commerce. Besides Tieto and Finland Post, shareholders in this company include Sonera, Merita Bank, Leonia Bank and the Okobank group.

TELE-COMMUNICATIONS

Demand for telecommunications services grew substantially during the year despite the slowdown in the global economy.

Europe's deregulated telecoms markets behaved as expected. The number of competitors increased and many established telemonopolies found themselves in a competitive situation for which they were not prepared. Despite global economic trends and the increased level of competition, the telecoms sector expanded sharply in mobile telephony, data communications and the media field. Telecommunications, media and information technology continued to converge, with new needs and opportunities arising constantly.

Finland ranks among the world's top countries in mobile telephony, data communications and media communications. Finnish companies are recognized worldwide for their innovative products and technical proficiency.

Tieto's success in the field of telecommunications rests on its knowhow and long-standing customer relationships. Tieto's comprehensive service portfolio, coupled with its integrator model, have enhanced its level of service to telecoms companies.

Tieto's deliveries in this sector during the year focused on enhancing the reliability of its customers' existing production systems. In both Professional and Processing and Network Services, Tieto supplied products to develop call centres, customer management, billing and network information systems. The increasingly diverse application of information technology created greater demand for Tieto's integrator services. Tieto also devoted efforts to promoting the international operations of its telecoms customers by globalizing its services and strengthening its network of country companies.

Sonera is one of Tieto's key customers. Tieto has been involved in developing and supporting the information systems used by Sonera in its own business processes. Tieto has also acted as a subcontractor in the development of new products and services in Finland and the international markets.

Retailers must have a thorough understanding of consumer behaviour and preferences if they wish to improve their product ranges and standard of service. Information technology is a vital tool for managing the all-important "customer interface". The SOK retail chain and Tieto have jointly developed the Bonus system for SOK's customer-owners to enhance the chain's offering and marketing. Minna Ruotsalainen of SOK (left) with Tieto's Leila Salkala.

▶ Networking informed buying



ENERGY

The energy sector in Finland showed stronger growth during the year than forecast. The reason was an increase in industrial output, driven by buoyant economic conditions, which also raised electricity consumption.

The Finnish energy sector is undergoing major restructuring. From autumn 1998 electricity suppliers also had to compete for private consumers. Deregulation of the energy sector has meant intensified competition over prices, which has reduced electricity retail prices. In this environment quality of service and customer control have grown in importance for energy companies.

The major changes taking place in this sector have also created the need to update and improve information systems. Demand is being further sustained by the system changes necessary for Year 2000 compliance. Investments are focusing especially on renewal of customer service and electricity trading systems.

Tieto is one of the leading suppliers of IT systems to the energy sector in Finland. Its strength is a wide range of products, extensive knowledge of how this sector operates, and its high level of technical expertise. In addition to processing and network services, Tieto concentrates particularly on providing information systems for maintenance and material control, customer service, billing, and financial and personnel management.

During the year Tieto signed a major cooperation agreement with Kraftdata AB in Sweden for distribution of this company's Elegans customer information system. Product development focused on a new version of the PowerMaint maintenance and materials management system, which will broaden its scope of application.

The most important agreements in Professional Services involved project extensions with key customers. A contract to purchase and distribute the PowerMaint system was signed with Imatran Voima Oy, and contracts were concluded with Elnova and Neste Corporation for the Elegans software. During the year Tieto also expanded the application of the Tieto Persona HR human resources management system in IVO. Tieto also took responsibility for managing the LANs and workstations of Fortum Corporation.

Outside Finland, Tieto's major achievements in this sector during the year were deliveries of PowerMaint software via IVO Power Engineering to Hungary and England. Similarly, Processing and Network Services took responsibility for management of the telecommunications and electronic mail systems used by IVO in its power plants in England.

SERVICE SECTOR'S
SHARE OF GROUP NET SALES IN 1998



19.2%

Newspaper publisher Sanoma Corporation and Tieto are working together to develop an Internet-based electronic marketplace for Helsinki Sanomat's classified ads. This will include information on cars, housing and workplaces with search and response services, as well as editorial matter and news. Services such as these are also pointing the way forward for the development of e-commerce in general. Pekka Korpela of Sanoma Corporation (left) with Tieto's Marko Kinnunen, Taru Kuhanen and Jyrki Poteri.

TRADE

The trade sector in Finland has experienced substantial structural change in recent years. For consumers this has been evident in the expansion of retail chains and the building of larger retail outlets. This sector also recovered rapidly from the recession. Competition continues to grow more intense.

Three main factors describe this process of change. Customers are assuming ever greater importance and the battle for consumers is being waged using a variety of customer loyalty schemes. On the other hand, price competition and logistics have risen in importance. Thirdly, as product ranges are being continuously broadened, product management depends on an increasingly high level of technology.

Traders are focusing higher than ever priority on information about individual products and customers. Retailers in fact are in an excellent position to exploit information since for years they have been used to collecting large quantities of data on their customers, products and operations. This data has now become a vital asset for enhancing operational management based around consumer needs. Tieto is closely involved in developing new-generation information warehousing systems based on the ROLAP relational database and Broadcasting technology.

To bring new systems into operation successfully, a retailer's IT partner must have a thorough knowledge of this sector's business processes as well as first-class project management capabilities. Tieto has invested heavily in this sector and has the results to prove it.

Tieto implemented a number of projects during the year aimed at promoting more effective use of information. Havistra Oy started its System ESS logistical operations. Alko Oy's logistical operations and distribution were further developed using EDI connections, while Anttilakesko adopted a new system for improving product management.



Giving consumers
a say in media
▶ content

▶ Public administration services get networked



MEDIA INDUSTRY

Digitalization and networking are transforming the business environment in which the media industry operates. The media industry covers graphic services, electronic communications and the recording industry. The sector encompasses newspapers and magazines, television and radio broadcasting, films and audio recordings.

Technological advances are creating new opportunities to provide media services for consumers. Over the next few years a major change will be the development of services, making them interactive and personalized. Interactive services already exist in the form of electronic marketplaces based on networked newspapers and magazines. Digital broadcasting technology will soon extend interactive services to television and radio operations.

Information technology has a central role to play in this process. Companies require a reliable IT partner for developing and implementing new ideas and forms of business.

Tieto has been systematically developing its own capabilities in this sector for several years. The company's investments have focused on assimilating the special features of this industry, gathering the necessary technical knowledge, building service entities and forging a network of partnerships.

Tieto's strengths are its understanding of how the industry works, its technological knowhow and its wide-ranging portfolio of services. Tieto also offers solid experience of project management, integration and maintenance as well as skill in processing and combining information from a number of different sources.

Tieto's major media industry projects during the year revolved around networked publications, electronic marketplaces, customer management and Year 2000 compliance. At the same time Tieto also began creating a network of suppliers of technology and digital services for its system deliveries.

Working with Sanoma Corporation, Tieto started up an electronic marketplace for classified advertisements. The first phase of this project includes vehicle, housing and workplace advertisements. Tieto's scope of delivery also includes supplying round-the-clock operating and network services for this market-

place as well as the services of a centre specialized in processing and developing content. The content of Startel Oy's Verkkotaloussanomat (Networked Business News) service was expanded and its visual layout was renewed.

PUBLIC ADMINISTRATION

The low availability of state funding during the year obliged public administration customers to streamline their activities in line with available resources. Nevertheless information technology investments showed further growth due to the needs created by Year 2000 compliance and the euro, and to the creation of new electronic services based on information technology. Finland's preparations for taking over the presidency of the EU were a further factor boosting investments.

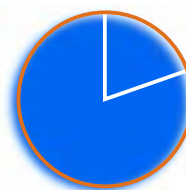
Tieto's market position as an IT partner to public administration organizations was further strengthened during 1998. This was particularly due to Tieto's ability to supply critical systems, its knowledge of this sector, experience in the application of new technology, its advanced products and the comprehensive Totalpro systems management concept. Tieto's secure network service, which provides a technical interface for various networked e-services, was also well received in the market.

Tieto reinforced its partnership with several key customers. Large projects were implemented for the City of Helsinki, the EU Commission, the State Treasury, judicial administration, population registers and tax administration. The latter's IT needs were handled by a new company Tietokarhu Oy, which started operation in January. In the regional government sector growth was most pronounced in healthcare and libraries, both of which are focus areas in this sector.

New information service contracts were signed with the Vehicle Administration Centre and the Population Registration Centre. For the National Board of Patents and Registration Tieto

Finland's Ministry of Justice is updating its infrastructure and administrative systems. Lotus Notes/Domino has been chosen as the basic software tool for legal offices and law courts and this will also be used to develop administrative applications. More than 8,000 users in the legal sector will be using this software early in the next millennium. This enormous project, involving extensive technical and organizational renewal, calls for tight cooperation and rigid project management by the ministry, the courts and offices and Tieto, their supplier. Riitta Marttila of the Ministry of Justice (middle) with Sari Tuohisaari and Olli Nilsson of Tieto.

PUBLIC ADMINISTRATION SECTOR'S
SHARE OF GROUP NET SALES IN 1998 *)



19.6%

*) Includes Tieto's share of net sales of associated company under Tieto management

developed a trial system for electronic management of Trade Register matters. A number of new direct mail services were launched including a service for verification and updating of company registers; customer analysis, profiling and market research services; and complete service packages supporting customer relations.

In personnel administration Tieto retained its already extremely strong position with deliveries of its Tieto Persona software solutions to state and regional government bodies. The company also started deliveries of a new graphical payroll management system. In financial management the Tieto Economa software system was expanded in line with the introduction of new accounting principles in Finland. In the same context the State Treasury adopted a new central accounting system for state finances based on the Leonardo information warehouse solution.

Tieto also succeeded in strongly increasing its presence in the international markets for public administration IT services. Almost ten projects were completed for the EU Commission and three new multiyear framework agreements were signed at the end of the year. In the Baltic countries Tieto continued cooperation with the Estonian government as well as taking its first steps with the government of Latvia. A large contract was agreed with the Sörmland regional government in Sweden for an Efficca IT system for dental healthcare management. Exports of the Efficca system were also started to the USA. Another major landmark in Sweden was a contract to supply the prime minister's office with a document management system.

FOREST INDUSTRY

Finland's forest industry companies are recognized as global leaders in their markets. This sector is so important for Finland that the cluster of companies which has grown up around it has also amassed frontline expertise in many other sectors such as mechanical engineering, electronics, transportation and information technology.

Industrial restructuring has led to a continuous concentration of resources in fewer corporations. Mergers and growth pressures have produced a few giant corporations, the largest of which is also the largest in Europe today.

Bigger corporate entities and new technologies, notably pilot electronic marketplaces for trading in timber and paper, are rapidly reforming the industrial and operational landscape. Moreover, the increasing global concern for the environment is challenging countries and companies to conserve natural resources and ensure sustainable use of raw materials. These trends are also raising IT needs to an entirely new level.

INDUSTRY SECTOR'S
SHARE OF GROUP NET SALES IN 1998



20.2%

Tieto commands a strong position in IT systems for the forest industry. Major investments at the start of the decade have now been turned into products which create a solid foundation for international growth. Tieto's forest industry services cover information systems for managing operations from timber procurement to distribution of finished paper products and sawn goods. These information systems for natural resource management, timber procurement, sawmills, pulp and paper mills, or global sales and distribution are integrated seamlessly into the technical environment – the Totalpro solution for managing networked systems.

Tieto serves major corporate customers such as Stora Enso Corporation, UPM Kymmene Corporation, Metsä-Serla Oyj or Myllykoski Oyj on a global scale and around the clock. Key customers are increasingly making decisions outside Finland. Tieto today supplies support services, based on Totalpro system management and international service points, to more than twenty countries.

Many forest industry companies have chosen SAP's R/3 software as their strategic IT platform. Tieto has anticipated this demand by combining its forest industry and R/3 expertise and by participating in the implementation of an R/3 forest sector solution at the SAP development centre. Tieto further strengthened its service offering in the area of logistics when it concluded a cooperation agreement with Stevedoring Oy, Finland's leading port stevedoring operator.

The forest industry's increasingly large corporate entities, new technology and greater global concern about environmental issues are also placing entirely new demands on this sector's IT infrastructure. For years Enso and Tieto have been jointly developing sales and logistics systems. The new Stora Enso's business needs are a major challenge for the group's information systems and their service capabilities. Applications management in Stora Enso is based on Tieto's certified operations management system.
Anita Laapotti (left) of Stora Enso with Tieto's Eija Viljanen.

- ▶ Keeping an electronic eye on wood from forest seedling to finished product



BASE AND MANUFACTURING INDUSTRY

This sector comprises the ten largest Finnish industrial concerns. Their businesses are electronics and telecommunications, mechanical engineering and process engineering. These corporations operate in an extremely demanding environment. Restructuring is taking place throughout the sector, while their business operations are rapidly growing and becoming more international.

Information technology will play an even more crucial role in the business and product development of these companies and also in the way they operate in the future. This is because internationalization creates its own new demands; companies must unify their international operations and manage their logistics on a global scale. Most of these companies have also set themselves the goal of gaining technology leadership in their sectors. Put together, these factors make it imperative for their IT partner to provide wider geographical and operational responsibility, the ability to anticipate development needs, and personnel with experience and professional skills.

Tieto's market position strengthened substantially in this sector during the year. Tieto is widely involved in development of its customers' core systems. Specifically, this involves building and distributing uniform and compatible operational control systems and support services for corporations with global operations.

Management of product information and documentation will be of decisive importance as a means of supporting and integrating traditional operational control solutions. It also ranks highly among Tieto's development priorities for industry.

The most significant events during the year were wide-ranging agreements relating to the development and application management of operative information systems for Nokia Corporation and Neste Corporation, the expansion of Valmet Corporation's and ABB Oy's operational control projects to include start-up and support services, and a number of operational control projects for various business units of Rauma Corporation.

Tieto is further strengthening its service capabilities in this sector by acquiring additional expertise in the management of new technologies and global operational control systems. The company's service units are expanding and their number will increase in line with customer needs.

Crucial new technologies include Lotus Notes/Domino, various web technologies and multimedia.

One function of information management at Nokia Corporation is to safeguard the functionality of its critical business applications and ensure rapid global implementation of new technology. Reliable ordering and shipping processes are dependent on logistics systems. As a Nokia partner, Tieto is developing information systems for its rapidly changing business needs. Jari Nukarinen of Nokia (middle) with Tieto's Sissi Kolbe and Mauri Kiili.

SOFTWARE SERVICES

Demand for financial and personnel administration services was driven by the Year 2000 issue and preparations for the adoption of the common European currency. Tieto Unic Oy supplied more than 6000 versions of its software systems during the autumn. Sales of new systems were lively as well. Technology consulting focused on document management systems and Internet technology projects. Training given in new products was especially intensive. During the year Tieto Unic held training courses for more than 2000 company participants in the changes brought about by the euro, and this pace will continue during 1999.

In payroll administration, the Swedish company Tieto Datema AB completed development of its Tieto Persona Lön payroll management software package. The first customers were SAAB Aircraft AB and SOS-Alarm AB. Large corporate and public administration customers in Finland were offered the Tieto Persona Fortime payroll management system. The first such customers included Finnair Oy, Kesko Oyj and the City of Turku. The System 4 payroll management software package introduced for small and medium-sized enterprises in Norway became further established as orders were placed during the year by more than one thousand customers.

In financial management, the Tieto Economa concept was launched in Norway. Deliveries of the Wintime financial management package, part of this concept, will start in 1999 although AXO System AS has already taken it into use. Other new products include Tieto Economa Arkisto for electronic archiving, and a new graphical software package called Tieto Economa Fixed Assets, which employs barcode technology.

The R&D centre for personnel administration products in Enköping, Sweden, was strengthened. This unit is now better positioned to develop and maintain the internationally competitive Tieto Persona HR product. This software is used by more than 150 organizations, the largest of which include ABB AB, Scania Lastbilar AB, Oy LM Ericsson Ab, Cap Gemini AB, UPM-Kymmene Oyj and Kesko Oyj.

NON-ALLOCATED OPERATIONS
IN GROUP NET SALES IN 1998



19.2%



▶ Bringing products to
the global market reliably

The Annual General Meeting on 13 March 1998 decided to amend the company's name to reflect its status as a public limited company. Accordingly, the company was renamed Tieto Corporation Oyj in Finnish and Tieto Corporation in English.

MARKET CONDITIONS

General economic growth, progress in digitalization, the adoption of the common European currency on 1 January 1999 and the approaching change of millennium were the demand drivers in the information technology (IT) markets during 1998. Demand for IT services continued to increase although the lack of qualified human resources started to hamper market growth. Stiff competition for competent professionals continued unabated.

Demand for Tieto Corporation's services remained strong throughout the year. Besides the normal development needs of customers, full capacity was maintained by the Year 2000 requirements and the adoption of the euro. Technological advances encouraged custom-

ers to take greater advantage of networks, object-oriented programming and operative control systems in their information systems, which further boosted demand for IT services.

People are a crucial resource for Tieto's business development. The need for new employees in professional services became more acute during the year and will continue to be felt during 1999 as well. The company made major investments in recruitment, personnel development and remuneration to acquire and retain new people.

CHANGES IN GROUP STRUCTURE

Nordic Printmail

Nordic Printmail Oy, the a joint venture set up by Tieto and Finland Post Ltd to handle their paper printing business, started operations in May. Tieto owns 49 % of the new company, which took roughly 90 employees from Tieto. The company's formation reduced Tieto's net sales by FIM 31 million, compared to the previous year.

Entra

The Boards of Directors of Tieto Corporation and the Swedish company Entra Data AB decided in November to combine their banking, financing and insurance operations. Implementation of this plan was contingent upon the approval of Entra's annual general meeting and the Finnish competition authorities. An extraordinary meeting of Entra shareholders approved the merger on 22 December 1998 and the approval of the Finnish competition authorities was granted on 21 January 1999.

The new Entra consists of the Entra Data AB business units, the banking and insurance business units of Tieto's Financial Systems Division, and Tieto's Swedish subsidiary Tieto Financial Systems AB.

The merger was implemented by a privileged issue of Entra shares to Tieto giving Tieto 56 % of the company's share capital and 49.99 % of the voting rights. Entra, for its part, owns 100 % of Tieto Entra Oy, formed by the incorporation of Tieto's banking and insurance

ACQUISITIONS

| | % share | Net sales | No. of employees | Date of acquisition | Business |
|---|------------------------------------|-----------|------------------|---------------------|---|
| GROUP COMPANIES | | | | | |
| • Raxum Oy | 100 | MFIM 6 | 10 | 1 Jan. 1998 | Fixed assets management systems, financial consolidation software |
| • Tieto Tradeware AB (form. Eloge AB) | 91.6 | MFIM 5 | 10 | 9 Feb. 1998 | IT systems for forwarding and foreign trade |
| • Tietoteema Oy | 100 | MFIM 4 | 15 | 25 May 1998 | Industrial reporting systems |
| • Tieto Konts Financial Systems (form. Konts SIA) | 51.6 | MFIM 7 | 62 | 15 Jun. 1998 | Payment card systems |
| • New Technology Software AB | 100 | MFIM 3 | 4 | 1 Sep. 1998 | Document management and data search systems |
| • Koulutuskolmio Oy | 100 | MFIM 3 | 9 | 1 Nov. 1998 | Accounting and operational control systems for book-keeping offices and small enterprises |
| • Tietokolmio Oy | 100 | MFIM 13 | 25 | 1 Nov. 1998 | |
| ASSOCIATED COMPANY UNDER TIETO MANAGEMENT | | | | | |
| • TKP tieto Oy (form. Oy Tietokonepalvelu AB) | 40 ¹⁾ /60 ²⁾ | MFIM 66.4 | 165 | 1 Jan. 1998 | Employment pension systems |

¹⁾votes, ²⁾shares

business unit. Tieto Financial Systems is a subsidiary of Tieto Entra. Entra will be consolidated in Tieto Corporation's accounts from the beginning of February 1999.

The merger produces the leading provider of IT financial services in Northern Europe. With operations in Sweden, Finland, Norway and Denmark, the new unit will have annual net sales of approximately FIM 400 million and 700 employees.

Entra's A share will continue to be listed on the Stockholm Stock Exchange.

Simplification of structure continues
The Group's corporate structure was further simplified during the year. The operative subsidiaries Carelcomp Forest Oy, Carelcomp Industria Oy and Dialogos-Team Oy were merged with the parent company. Six other internal mergers were also implemented. The ownership structure of the parent company, subsidiaries and associated companies is described in the notes to the financial statements.

The acquisitions carried out during the year are on page 20.

CHANGES TO MANAGEMENT

Executive Vice President Juhani Ryhänen retired on 1 August 1998.

NET SALES

Tieto's net sales increased 15.6 % to FIM 2,813.1 million. Eliminating the impact of divested and acquired operations, organic growth was 14.6 %.

Growth was strongest in Professional Services, 35.6 %, of which a 10.3 percentage point increase was attributable to the new associated companies under Tieto management, TKP Tieto Oy and Tietokarhu Oy. Growth in Processing and Network Services was 10.7 % after some of its net sales was transferred to Nordic Printmail. Software Services grew 15.1 % including the 2.2 percentage point impact of acquisitions.

From the perspective of customer sectors, net sales growth was most pronounced in the

Financial Services sector, 36.4 %, of which TKP Tieto Oy contributed 10.3 percentage points.

PERFORMANCE

Earnings per share increased 60.9 % to FIM 5.76 (FIM 3.58 in previous year).

The Group posted an operating profit of FIM 421.8 (274.7) million, which was 15.0 % (11.3 %) of consolidated net sales. The operating profit percentage in Processing and Network Services was clearly above the average for the Group and roughly equal to the previous year's level. In Professional Services the percentage was the same as for the Group as a whole and clearly higher than one year earlier. In Software Services the percentage was slightly below the Group's overall level but better than the year before. Of greatest significance to the Group, however, was the increase in profitability achieved by Professional Services for industry. This was the result of a higher degree of invoicing, adherence to project timetables and cost estimates, and price increases.

Other operating income included a FIM 6.3 million profit on the sale of the Oy Datatie Ab stock.

The company recorded employee bonuses totalling FIM 55.1 (21.7) million and a FIM 18 (7.9) million provision for the personnel's development and training fund. Personnel expenses rose 20.3 % due to personnel increases (12.0 %), higher bonuses (3.0 %), statutory salary increases (2.5 %) and individual salary increases (2.5 %).

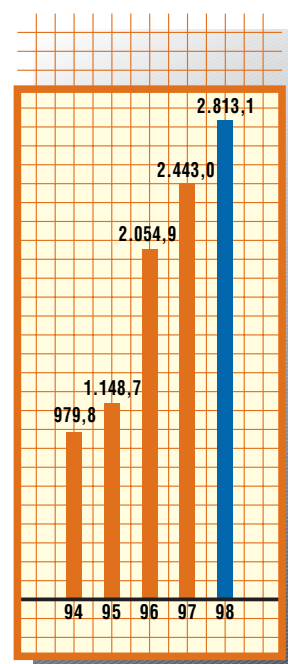
Extraordinary income included FIM 14.6 million in deferred tax assets arising from previous financial periods.

Return on investment was 43.7 % (31.8 %) and return on shareholders' equity 32.4 % (22.3 %).

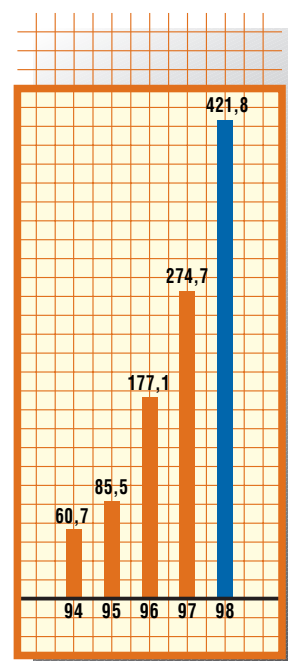
ORDER STOCK

A substantial proportion of net sales in the period was based on contracts consisting of binding agreements for services, long-term service framework agreements, agreements valid for indefinite periods and other types of agreements. In practice the stock of contracts is long

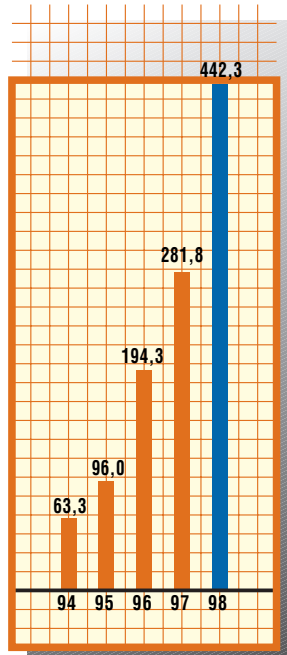
NET SALES 1994-1998
FIM million



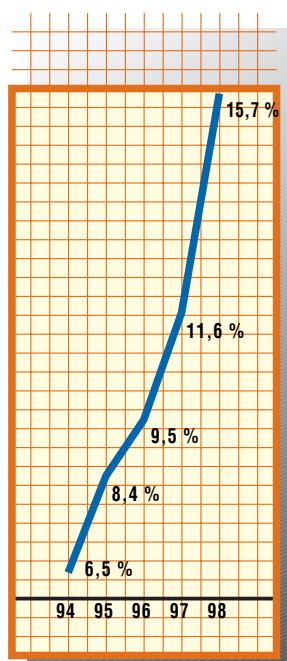
OPERATING PROFIT 1994-1998
FIM million



PROFIT BEFORE APPROPRIATIONS AND TAXES 1994-1998, FIM million



PROFIT BEFORE APPROPRIATIONS AND TAXES 1994-1998, % OF NET SALES



term. Only binding orders for services are included in the order stock. These totalled FIM 1,878.7 (1,602.8) million, of which FIM 1,220.9 million is expected to be received as income during 1999.

INVESTMENTS

Direct investments in fixed assets and other long-term assets totalled FIM 327.9 (329.5) million. FIM 89.9 (114.1) million was spent on data processing equipment, FIM 112.8 (101.0) million on property and construction in progress, FIM 3.5 (39.1) million on goodwill from operations, and FIM 43.6 (43.4) million on subsidiary shares. Property investments related to the Group's main business premises in Espoo. Leasing commitments increased FIM 51.0 million.

FINANCING

Funds arising from operations remained strong, totalling FIM 461.4 million. FIM 9.4 million in long-term loans was repaid and FIM 2.0 million was raised in new loans. FIM 94.3 million was paid in dividends. The company bought back altogether 1,191,080 of its own shares for FIM 192.5 million (2.2 % of the stock and voting rights on the balance sheet date).

The increases in share capital, disapplying shareholders' pre-emptive subscription rights, and the bonds with warrants are described under Shares and Shareholders.

The balance sheet totalled FIM 1,548.5 (1,444.0) million. The equity ratio was 62.4 % (63.2 %) and gearing was -12.0 % (-23.1 %). The company had cash and bank reserves of FIM 178.1 (293.5) million and uncommitted credit limits of FIM 113.3 million.

INTRODUCTION OF THE EURO ON 1 JANUARY 1999

On 1 January 1999 Tieto adopted the common European currency, the euro, in its external and internal reporting. The Group's business units are adopting the euro as their domestic currency in stages. Some transferred to the euro on the first day of the year and the last ones to

adopt the euro will do so by the beginning of 2001.

The adoption of the euro does not significantly affect Tieto's foreign exchange or interest positions.

YEAR 2000 COMPLIANCE

Tieto's software products and customers' information systems

Tieto software products in use by its customers have for the most part been updated for Year 2000 compliance and their functionality has been tested in Tieto's test environment. Customers have been notified concerning outstanding upgrading work and its timetable. Customers have also been informed of the products which will not be upgraded to Year 2000 compliance. Tieto is not aware of any risks concerning its software which could have an adverse effect on the company's operation, performance or financial position.

Tieto, together with its customers, has examined their critical information systems. The required work to achieve Year 2000 compliance has been evaluated and timetables for this work have been agreed. The Year 2000 status of customers and business sectors varies widely. Most customers have already brought their systems up to date, or will have done so by the change of millennium. In certain cases, however, projects have been deferred so much that timetables will be critical. Tieto has examined its contractual obligations and is not aware of any risks associated with its operations, performance or financial position.

Equipment and software

Tieto's partners include the largest computer hardware and software suppliers. Risks involve the compatibility of different versions of the hardware and software systems supplied by these companies, and compatibility can only be verified during system testing. Multivendor environments in particular could be problematic. It is not yet possible to evaluate the impact of these risks on Tieto's operations, performance and financial position.

Tieto's own Year 2000 readiness

Tieto's own Year 2000 readiness is divided into three categories:

1. Information systems in use, i.e. applications,
2. Data processing equipment, i.e. servers, workstations and telecommunications equipment, and
3. Systems embedded in office premises.

Tieto's divisions are responsible for ensuring the Year 2000 compliance of the information systems and premises which they use. At Group level, the Senior Vice President – Development is responsible for coordinating the Year 2000 compliance of information systems and data processing equipment and the Senior Vice President – Finance for office premises.

All internal information systems in use throughout Tieto Group have been examined. Applications are already Year 2000 compliant or will be modified for Year 2000 compliance by the end of September 1999.

The Processing and Network Services Division sells maintenance services for information processing equipment to all Tieto divisions except Software Services. Upgrading of servers, workstations, telecommunications equipment and associated software for Year 2000 compliance is scheduled to be complete by the end of September 1999. The Software Services Division will perform its own upgrades to the same timetable. Tieto's computer hardware and software suppliers and suppliers of external telecommunications links have notified Tieto in writing about the timetables for implementing Year 2000 compliance work in their equipment and services.

The Group and the divisions are responsible for ensuring Year 2000 compliance of the operating and security systems embedded in Tieto's office premises. The Group handles compliance in the large office buildings for which it is responsible, and the divisions for their own premises, both in Finland and abroad. Year 2000 evaluation of these sites has been started.

Where Tieto's internal Year 2000 compliance is concerned, the company is not aware of any risks which could have an adverse impact on its operations, performance or financial position. The costs involved in ensuring internal Year 2000 compliance are not significant.

DEVELOPMENT

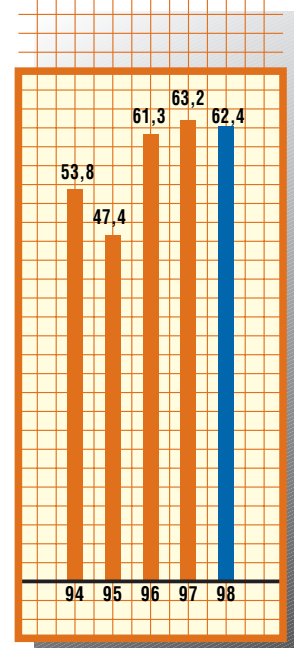
Development in Tieto aims to ensure, among other things, that Tieto's services satisfy as comprehensively and effectively as possible the rapidly changing needs of its customers in a networked environment. Development projects also create the springboard for Tieto's internationalization, enabling the company to increase the coverage of its services to support the international business operations of its customers.

A joint Group project was ongoing renewal of its own operations management system. Issues addressed during the year were Tieto's integrator model providing partnership for specific business sectors and customers; the Group's planning, follow-up and remuneration schemes; and measurement of customer satisfaction.

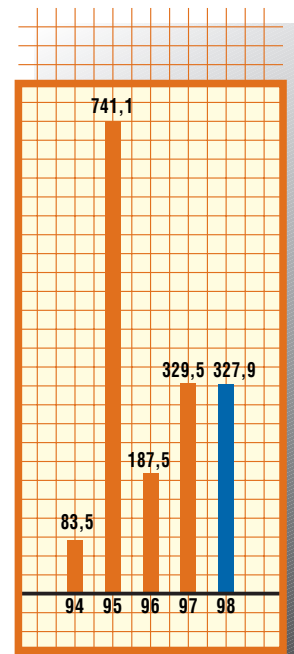
To support its internationalization, the company completed the second stage of Tieto Object, a project set up to develop object-oriented software production. Project management methods were further developed. Tieto also constructed a model for evaluating the maturity of software production as part of quality development in the company, and it completed an administration model for the foreign units. Tieto also continued to renew its telecommunications network to match the future needs of its various units and countries of operation.

In Professional Services, financial sector development concentrated in particular on object-oriented programming and networked banking operations. In Services the focus was on Knowledge Management expertise and projects. Development in Public Administration centred on information society services,

EQUITY RATIO 1994-1998, %



INVESTMENTS 1994-1998
FIM million



NET SALES BY CUSTOMER SECTOR, MFIM

| | 1998 | % growth | % share | 1997 | % share |
|---------------------------------|---------|----------|---------|---------|---------|
| | 1-12 | | | 1-12 | |
| Financial Services | 798,7 | 36,4 | 28,4 | 585,6 | 24,1 |
| Services | 539,8 | 15,7 | 19,2 | 466,6 | 19,2 |
| Public Administration | 553,0 | 21,5 | 19,6 | 455,1 | 18,7 |
| Industry | 567,7 | 32,1 | 20,2 | 429,6 | 17,6 |
| Non-allocated | 539,0 | -10,8 | 19,2 | 604,1 | 24,8 |
| Minority Interest ¹⁾ | -185,1 | 71,2 | -6,6 | -108,1 | -4,4 |
| | 2.813,1 | 15,6 | | 2.433,0 | |

The Services customer sector includes post, telecoms, energy, trade and the media industry. Non-allocated net sales in 1997 includes TT-Microtrading Oy.

NET SALES BY TYPE OF SERVICE, MFIM

| | 1998 | % growth | % share | 1997 | % share |
|---------------------------------|---------|----------|---------|---------|---------|
| | 1-12 | | | 1-12 | |
| Professional Services | 1.684,9 | 35,6 | 59,9 | 1.242,4 | 51,1 |
| Processing and Network Services | 680,0 | 10,7 | 24,2 | 614,5 | 25,2 |
| Software Services | 545,3 | 15,1 | 19,4 | 473,6 | 19,5 |
| Other Services | 88,0 | -58,2 | 3,1 | 210,5 | 8,6 |
| Minority Interest ¹⁾ | -185,1 | 71,4 | -6,6 | -108,0 | -4,4 |
| | 2.813,1 | | | 2.433,0 | |

¹⁾ Tieto's share of the net sales of the associated companies under its management (Fidenta Oy, Tietokarhu Oy, Tietoleonia Oy, TKP Tieto Oy)

NET SALES BY COUNTRY, MFIM

| | 1998 | % growth | % share | 1997 | % share |
|-----------------|---------|----------|---------|---------|---------|
| | 1-12 | | | 1-12 | |
| Finland | 2.479,6 | 14,3 | 88,2 | 2.169,0 | 89,1 |
| Sweden | 155,8 | 25,2 | 5,5 | 124,4 | 5,1 |
| Norway | 82,7 | 8,1 | 2,9 | 76,5 | 3,1 |
| Denmark | 28,4 | 32,1 | 1,0 | 21,5 | 0,9 |
| Belgium | 19,9 | 76,1 | 0,7 | 11,3 | 0,5 |
| Germany | 13,6 | 46,2 | 0,5 | 9,3 | 0,4 |
| Latvia | 7,2 | | 0,3 | 0,1 | 0,0 |
| Other countries | 25,9 | 23,9 | 0,9 | 20,9 | 0,9 |
| | 2.813,1 | | | 2.433,0 | |

digital media projects, and products for the social and health services. In the Industry sector, the company took concerted action to increase its presence in the electronics industry, to develop and internationalize the information systems of forest industry companies, and to enhance its own operating and information system.

In Processing and Network Services, the company further integrated its services to make them more customer-centred. Tieto also strengthened its technical consulting capabilities and established Competency Centres for Totalpro consulting, Lotus Notes, electronic messaging and SAP/R3.

The Software Services division gave heavy attention to modifying its products for the adoption of the euro, and to customer training. The Tieto Persona Lön payroll accounting system for large companies was completed in Sweden. The Tieto Economa and Tieto Persona financial and personnel management concepts were launched.

PERSONNEL

The Group had 4,868 (4,221) employees on average during the year and 5,064 (4,332) at the year end. The increase in personnel after the end of 1997 was 732 (16.9 %). The Group recruited 885 new employees. Mergers added another 301 employees. Employee turnover was 9.3 % (9.5 %).

The parent company had 2,673 (1,815) employees on average and 3,188 (2,543) at the year end. The Finnish business units had 4,573 (3,983) employees at the year end and the units outside Finland 491 (349) employees.

The salaries and other personnel expenses of the Group and parent company are detailed in Note 3 of the notes to the financial statements.

Tieto's most important development investments are allocated to maintaining and enhancing the skills and competencies of its personnel. In recent years, however, personnel development has been hampered by the strong surge in demand created by the advent of the year 2000 and the adoption of the euro. Tieto considers it important, therefore, to anticipate

higher investments in personnel competencies once the impact of these demand drivers has levelled off.

Since 1996 the Board of Directors has decided to make an annual provision to cover future development of the company's personnel. In 1998 FIM 18 million was added to this provision and FIM 1.2 million was used. The provision totalled FIM 26.4 million at the end of the year.

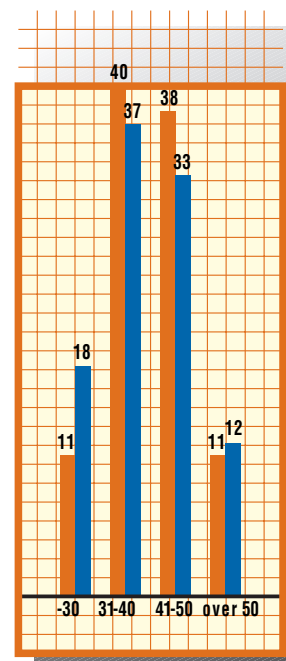
PROSPECTS

Growth in demand for IT services in Europe currently depends on the pace of economic growth, progress in digitalization, transfer to the euro and the change of millennium. The slowdown in economic growth, coupled with economic turbulence, make it all the more imperative to evaluate IT investments accurately. Nevertheless, the emerging information society and change of millennium are maintaining growth in IT investments.

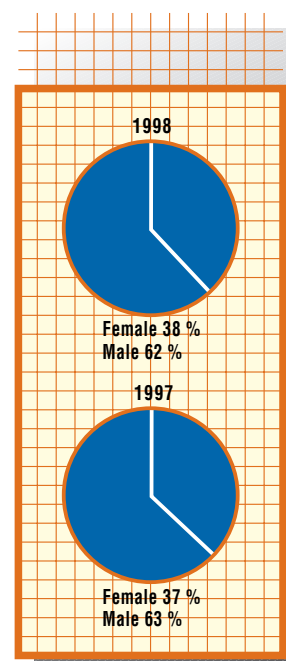
Tieto's net sales rose faster during the final quarter of 1998 than early in the year and this trend is forecast to continue during 1999. Besides general demand, the company's pace of growth is being maintained by its added capacity and the acquisitions and mergers implemented during 1998. Net sales looks likely to rise by more than 20 % during 1999.

The company's performance this year will be significantly affected by the adequacy of resources and changes in cost levels. Personnel expenses are a central factor in this context. The bonds with warrants offered to all company employees and employee bonuses, both of which form part of the Group's incentive scheme, have proven to be very successful methods of remuneration in conditions of strong demand. The company expects the scheme to dampen employee turnover and increases in fixed costs during the current year as well. Barring serious disturbances in the international economy, the conditions exist for Tieto's continued positive performance. The increase in minority interests will slightly slow down growth of earnings per share.

PERSONNEL BREAKDOWN BY AGE 1997-1998, %



PERSONNEL BY GENDER



PERSONNEL BY DIVISION
(Average during the year)

| | 1998 | % growth | % share | 1997 | % share |
|---------------------------------|-------|----------|---------|-------|---------|
| Professional Services | 3.125 | 20,7 | 64,2 | 2.590 | 61,4 |
| Processing and Network Services | 808 | 4,8 | 16,6 | 771 | 18,3 |
| Software Services | 763 | 9,9 | 15,7 | 694 | 16,4 |
| Other Services | 107 | 13,8 | 2,2 | 94 | 2,2 |
| Group Functions | 65 | -9,7 | 1,3 | 72 | 1,7 |
| | 4.868 | 15,3 | | 4.221 | |

PERSONNEL BY COUNTRY
(Average during the year)

| | 1998 | % growth | % share | 1997 | % share |
|-----------------|-------|----------|---------|-------|---------|
| Finland | 4.434 | 14,4 | 91,1 | 3.876 | 91,8 |
| Sweden | 192 | 19,3 | 4,0 | 161 | 3,8 |
| Norway | 118 | 8,3 | 2,4 | 109 | 2,6 |
| Denmark | 34 | 47,8 | 0,7 | 23 | 0,5 |
| Belgium | 21 | 10,5 | 0,4 | 19 | 0,5 |
| Germany | 11 | 22,2 | 0,2 | 9 | 0,2 |
| Latvia | 38 | | 0,8 | 0 | 0,0 |
| Other countries | 20 | -16,7 | 0,4 | 24 | 0,6 |
| | 4.868 | | | 4.221 | |

The figures include all the personnel in the associated companies under Tieto's management. Calculating total personnel in relation to Tieto's holdings in these companies, Tieto Group had 4,578 (4,056) employees.

GROWTH IN PERSONNEL NUMBERS 1997 - 1998

| | 1998 | 1997 |
|-----------------------------------|-------|-------|
| Personnel at end of previous year | 4.332 | 3.976 |
| Recruitments | 885 | 730 |
| Mergers | 301 | 27 |
| Employee turnover | -454 | -401 |
| Net increase during the year | 732 | 356 |
| Personnel at year end | 5.064 | 4.332 |

INCOME STATEMENTS

| | GROUP | | | PARENT COMPANY | |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 1 Jan.-31 Dec. 1998 | 1 Jan.-31 Dec. 1998 | 1 Jan.-31 Dec. 1997 | 1 Jan.-31 Dec. 1998 | 1 Jan.-31 Dec. 1997 |
| | EUR 1000 | FIM 1000 | FIM 1000 | FIM 1000 | FIM 1000 |
| Net sales | 473,130 | 2,813,104 | 2,432,948 | 1,517,135 | 1,012,702 |
| Other operating income (1) | 2,982 | 17,728 | 23,098 | 76,242 | 55,516 |
| Services and goods (2) | 60,966 | 362,487 | 442,867 | 149,351 | 115,450 |
| Personnel expenses (3) | 212,823 | 1,265,388 | 1,051,657 | 704,656 | 450,380 |
| Depreciation (8,9) | 28,469 | 169,268 | 166,578 | 116,704 | 106,900 |
| Other operating expenses (4) | 103,787 | 617,091 | 524,547 | 379,820 | 268,828 |
| Share of associated companies' results | 868 | 5,162 | 4,302 | - | - |
| Operating profit | 70,935 | 421,760 | 274,699 | 242,846 | 126,660 |
| Financial income and expenses (5) | 1,003 | 5,964 | 7,130 | 35,550 | 140,577 |
| Profit before extraordinary items, appropriations and taxes | 71,938 | 427,724 | 281,829 | 278,396 | 267,237 |
| Extraordinary items (6) | 2,447 | 14,550 | - | 56,850 | 78,19 |
| Change in depreciation difference *) | | - | - | 19,958 | 4,392 |
| Change in other appropriations *) | | - | - | - | 10,962 |
| Direct taxes (7) | -20,917 | -124,367 | -93,131 | -91,038 | -101,760 |
| Minority interests | -50 | -299 | - | - | - |
| Profit for the period | 53,418 | 317,608 | 188,698 | 264,166 | 258,850 |

*) These items cannot be derived directly from the balance sheets owing, among other things, to mergers and changes in Group structure.

BALANCE SHEET

| | GROUP | | | PARENT COMPANY | |
|-------------------------------------|-------------|-------------|--------------|----------------|--------------|
| | 31 Dec.1998 | 31 Dec.1998 | 31 Dec. 1997 | 31 Dec.1998 | 31 Dec. 1997 |
| | EUR 1000 | FIM 1000 | FIM 1000 | FIM 1000 | FIM 1000 |
| ASSETS | | | | | |
| Fixed assets | | | | | |
| Intangible assets (8) | 32,632 | 194,022 | 193,862 | 123,518 | 119,840 |
| Tangible assets (9,11) | 93,925 | 558,455 | 504,855 | 395,701 | 375,417 |
| Investments (10,11,12) | 20,636 | 122,695 | 78,904 | 211,849 | 202,499 |
| Fixed assets, total | 147,193 | 875,172 | 777,621 | 731,068 | 697,756 |
| Current assets | | | | | |
| Inventories | 89 | 527 | 5,513 | 135 | 1,869 |
| Long-term receivables (13,15,21) | | | | | |
| Loan receivables | 2,088 | 12,417 | 16,751 | 114,325 | 118,509 |
| Deferred tax assets | 960 | 5,709 | - | - | - |
| Prepaid expenses and accrued income | 603 | 3,584 | - | 3,265 | - |
| | 3,651 | 21,710 | 16,751 | 117,590 | 118,509 |
| Current receivables (14,15) | | | | | |
| Trade receivables | 63,886 | 379,850 | 279,546 | 255,814 | 158,695 |
| Loan receivables | 660 | 3,926 | 3,058 | 10,217 | 1,087 |
| Other receivables | 357 | 2,123 | 2,409 | - | - |
| Group contributions receivable | - | - | - | 56,850 | 78,019 |
| Prepaid expenses and accrued income | 14,640 | 87,042 | 65,598 | 47,632 | 87,570 |
| | 79,543 | 472,941 | 350,611 | 370,513 | 325,371 |
| Securities | 2,969 | 17,652 | 100,232 | - | 99,958 |
| Cash in hand and at bank | 26,988 | 160,464 | 193,281 | 110,117 | 117,519 |
| Current assets, total | 113,240 | 673,294 | 666,388 | 598,355 | 663,226 |
| | 260,433 | 1,548,466 | 1,444,009 | 1,329,423 | 1,360,982 |

| | GROUP | | | PARENT COMPANY | |
|---|-------------|-------------|--------------|----------------|--------------|
| | 31 Dec.1998 | 31 Dec.1998 | 31 Dec. 1997 | 31 Dec.1998 | 31 Dec. 1997 |
| | EUR 1000 | FIM 1000 | FIM 1000 | FIM 1000 | FIM 1000 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | | | |
| Shareholders' equity (16) | | | | | |
| Share capital | 44,857 | 266,708 | 87,986 | 266,708 | 87,986 |
| Share issue | 1,600 | 9,516 | - | 9,516 | - |
| Share premium fund | 37,588 | 223,489 | 387,867 | 223,489 | 387,867 |
| Other funds | 650 | 3,866 | 3,230 | - | - |
| Retained earnings | 23,420 | 139,250 | 242,669 | 76,039 | 104,426 |
| Profit for the period | 53,418 | 317,608 | 188,698 | 264,166 | 258,850 |
| | 161,533 | 960,437 | 910,450 | 839,918 | 839,129 |
| Minority interests | 240 | 1,429 | - | - | - |
| Accumulated appropriations | | | | | |
| Depreciation difference | - | - | - | 23,063 | 41,487 |
| Provisions for liabilities and charges (17) | 4,932 | 29,321 | 13,982 | 29,321 | 13,982 |
| Liabilities (18,20,21) | | | | | |
| Non-current liabilities | | | | | |
| Bonds | 1,332 | 7,922 | 5,961 | 7,922 | 5,961 |
| Loans from financial institutions | 4,251 | 25,274 | 32,808 | 25,274 | 32,808 |
| Pension loans | 151 | 898 | 966 | 898 | 966 |
| Deferred tax liability | 665 | 3,953 | 13,031 | - | - |
| Other non-current liabilities | 977 | 5,810 | 29,893 | 5,694 | - |
| Accrued liabilities and deferred income | 157 | 934 | - | 916 | - |
| | 7,533 | 44,791 | 82,659 | 40,704 | 39,735 |
| Current liabilities (19,20) | | | | | |
| Loans from financial institutions | 335 | 1,989 | 1,554 | - | 1,554 |
| Advances received | 1,167 | 6,936 | 4,510 | 1,895 | 535 |
| Trade payables | 10,452 | 62,143 | 73,707 | 40,242 | 45,936 |
| Other current liabilities | 2,320 | 13,794 | 7,482 | 54,968 | 150,872 |
| Accrued liabilities and deferred income | 71,921 | 427,626 | 349,665 | 299,312 | 227,752 |
| | 86,195 | 512,488 | 436,918 | 396,417 | 426,649 |
| Liabilities, total | 93,728 | 557,279 | 519,577 | 437,121 | 466,384 |
| | 260,433 | 1,548,466 | 1,444,009 | 1,329,423 | 1,360,982 |

| | GROUP | | | PARENT COMPANY | |
|---|--------------|--------------|--------------|----------------|--------------|
| | 31 Dec. 1998 | 31 Dec. 1998 | 31 Dec. 1997 | 31 Dec. 1998 | 31 Dec. 1997 |
| | EUR 1000 | FIM 1000 | FIM 1000 | FIM 1000 | FIM 1000 |
| Funds arising from operations | 78,058 | 464,112 | 344,480 | 241,647 | 230,157 |
| Change in net working capital | -5,581 | -33,182 | 44,182 | 39,157 | -86,318 |
| Net cash flow from operations | 72,477 | 430,930 | 388,662 | 280,804 | 143,839 |
| Investments | | | | | |
| Share purchases | -11,311 | -67,249 | -110,810 | -45,254 | -114,278 |
| Other fixed asset purchases | -43,838 | -260,650 | -260,689 | -190,283 | -106,694 |
| Merged fixed assets | - | - | - | -32,540 | -82,845 |
| Decrease in acquisition cost of merged subsidiaries | - | - | - | 34,870 | 156,465 |
| Merger losses and profits | - | - | - | 52,956 | -15,700 |
| Impact of structural changes on appropriations | - | - | - | 1,534 | 12,197 |
| Net increase/decrease in fixed assets | | | | | |
| due to changes in Group structure | -1,832 | -10,894 | -23,328 | - | - |
| Share disposals | 1,334 | 7,933 | 7,512 | 7,714 | 37,701 |
| Other fixed asset disposals | 13,071 | 77,715 | 42,065 | 84,936 | 26,765 |
| Elimination of the purchase of subsidiary shares | 7,323 | 43,540 | 94,119 | - | - |
| New goodwill on consolidation | -4,632 | -27,541 | -12,366 | - | - |
| Change in associated company shares | -2,725 | -16,203 | 4,413 | - | - |
| Cash flow from investments, total | -42,610 | -253,349 | -259,084 | -86,067 | -86,389 |
| Cash flow before financing | 29,867 | 177,581 | 129,578 | 194,737 | 57,450 |
| Financing | | | | | |
| Increase/decrease in non-current liabilities | -6,369 | -37,868 | 22,520 | -585 | 11,396 |
| Increase/decrease in non-current receivables | -834 | -4,959 | 7,919 | 919 | -3,713 |
| Increase/decrease in current financing | 1,135 | 6,747 | 676 | -95,904 | -13,970 |
| Dividends and donations | -15,931 | -94,721 | -49,237 | -94,721 | -49,237 |
| Share issue and use of options | 4,013 | 23,860 | 337 | 23,860 | 337 |
| Purchase of own shares | -32,379 | -192,516 | - | -192,516 | - |
| Group contributions received | - | - | - | 56,850 | 78,019 |
| Accumulated deferred tax assets | 2,447 | 14,550 | - | - | - |
| Financing, total | -47,918 | -284,907 | -17,785 | -302,097 | 22,832 |
| Adjustments | -1,357 | -8,071 | -9,451 | - | - |
| Increase/decrease in liquid assets | -19,408 | -115,397 | 102,342 | -107,360 | 80,282 |
| Liquid assets on 1 January | 49,365 | 293,513 | 191,171 | 217,477 | 137,195 |
| Liquid assets on 31 December | 29,957 | 178,116 | 293,513 | 110,117 | 217,477 |
| The items in the funds statement cannot be derived directly from the balance sheet owing, among other things, to the acquisition of new subsidiaries and changes in exchange rates. | | | | | |

ACCOUNTING PRINCIPLES

Consolidated financial statements

Included in the consolidated financial statements are the parent company Tieto Corporation and all subsidiaries in which the parent company's direct or indirect holding exceeds 50 % of the voting rights carried by the shares.

Companies acquired during the financial period have been consolidated from their date of acquisition and divested companies up until the date of divestment.

Tieto Corporation holds more than 50 % of the shares, giving voting rights of less than 50 %, of associated companies for which it has management responsibility. Tieto Corporation is responsible for managing the business operations of these companies. Since such associated companies have a considerable impact on the consolidated result, they are consolidated item for item in the Group income statement in proportion to Tieto's holding in them. In the balance sheet, their shares are shown as shares in associated companies according to the equity method.

All other associated companies are consolidated according to the equity method both in the income statement and balance sheet. The Group's profit share of the associated companies is shown as a separate entry before the operating profit. The book values of the shares are shown in the Notes to the Financial Statements.

Intra-group transactions are eliminated in consolidation.

Intra-group shareholdings have been eliminated using the acquisition cost method, where only profit arising from the subsidiaries' business transactions after the acquisition date is included in consolidated equity. The excess arising from the elimination of subsidiary acquisition costs is considered as goodwill, which is amortized over five or ten years in the Group. In the elimination of intra-group shareholdings the equity at the time of the purchase is increased by appropriations and reduced by the deferred tax liability.

Internal dividends and non-realized income from inventories and fixed assets are excluded from the result.

In the balance sheet, intra-group receivables and liabilities are eliminated from the appropriate balance sheet items.

The deferred tax in accumulated appropriations, temporary differences and confirmed losses has been noted. The change in deferred tax assets or liabilities is included in the taxes for the period.

Minority interest is separated from consolidated shareholders' equity, appropriations and profit, and entered as a separate item.

Foreign currency items

Foreign currency transactions are booked at the rate prevailing on the transaction date. Foreign currency items current at the end of the financial period are valued at the average exchange rates on the balance sheet date. Foreign exchange items are hedged using derivative contracts. In the consolidated financial statements, the income statements of foreign subsidiaries are translated into Finnish markka using the average annual rates calculated on the basis of the average rates at the end of each month. The balance sheets are translated using the Bank of Finland's average rate on the balance sheet date.

Translation differences arising from the application of the acquisition cost method are shown as consolidated equity adjustment items

and included under Other Changes in Non-Restricted Equity in the Notes to the Financial Statements.

Exchange gains and losses are entered in the income statement. The exchange rate differences of hedged items are adjusted by the valuation differences of derivative contracts made for hedging purposes.

Recognition of sales

Work by personnel is recognized as it is completed, licence sales at handover to the customer, and maintenance fees over the contract period. Loss-making projects are entered in full under expenses.

Pension arrangements

In Finland the pensions are handled both through pension insurance institutions and by the Tieto Group's own pension trust and pension fund. Pension liabilities are fully covered.

Research and development

Research and development costs are expensed annually.

Extraordinary items

Significant items not related to the regular business operations of the Group are included under extraordinary items.

Valuation of fixed assets

Depreciation is charged according to plan, based on the original acquisition cost and the useful economic life of the fixed assets. Losses on the sale of fixed assets are entered as an increase in depreciation according to plan, and sales profits are recorded as other operating income.

| | |
|--|----------|
| The Group uses the following depreciation periods: | Years |
| Intangible assets (software) | 3 |
| Goodwill | |
| - from operations | 3 - 5 |
| - from subsidiaries | 5 or 10 |
| Other capitalized expenditure | 5 |
| Buildings | 25 or 40 |
| Data processing equipment | 3 - 5 |
| Transportation equipment | 5 |
| Other machinery and equipment | 5 - 8 |
| Other tangible assets | 10 |

The amortization periods of goodwill on consolidation are decided separately in each case to correspond with the estimated effective impact. In cases where the investment has been made in the Group's strategically significant operations, the amortization period is 10 years.

Valuation of inventories

Inventories are valued at direct acquisition cost using the FIFO principle.

| | GROUP | | | PARENT COMPANY | |
|---|-------------|-------------|--------------|----------------|--------------|
| | 31 Dec.1998 | 31 Dec.1998 | 31 Dec. 1997 | 31 Dec.1998 | 31 Dec. 1997 |
| | EUR 1000 | FIM 1000 | FIM 1000 | FIM 1000 | FIM 1000 |
| The distribution of net sales is presented in the Report of the Board of Directors. | | | | | |
| 1. Other operating income | | | | | |
| Profit on sales of fixed assets | 1,654 | 9,833 | 17,188 | 9,459 | 21,290 |
| Rental income | 861 | 5,117 | 3,516 | 12,644 | 11,716 |
| Merger profits | - | - | - | 52,956 | 20,930 |
| Other income | 467 | 2,778 | 2,394 | 1,183 | 1,580 |
| | 2,982 | 17,728 | 23,098 | 76,242 | 55,516 |
| 2. Services and goods | | | | | |
| Purchases during the period | 28,077 | 166,940 | 300,707 | 53,057 | 63,936 |
| For own use | -61 | -364 | - | -364 | - |
| Increase (-) or decrease (+) in inventories | 544 | 3,231 | 2,694 | 1,428 | -14 |
| External services | 32,406 | 192,680 | 139,466 | 95,230 | 51,528 |
| | 60,966 | 362,487 | 442,867 | 149,351 | 115,450 |
| 3. Personnel expenses | | | | | |
| Paid to the Board of Directors and Presidents | | | | | |
| - salaries | 3,608 | 21,449 | 19,569 | 3,326 | 3,071 |
| - bonuses | 410 | 2,438 | 2,867 | 524 | 536 |
| Other wages and salaries | 166,572 | 990,391 | 822,238 | 562,278 | 356,353 |
| Pension costs | 22,050 | 131,106 | 113,636 | 76,173 | 53,556 |
| Other statutory indirect employee costs | 20,183 | 120,004 | 93,347 | 62,355 | 36,864 |
| | 212,823 | 1,265,388 | 1,051,657 | 704,656 | 450,380 |
| The Board of Directors decides the salary and other benefits of the President and Executive Vice Presidents. | | | | | |
| Pension commitments on behalf of management: The retirement age of the President and one of the Executive Vice Presidents is 60 years. | | | | | |
| Loans to Group management | - | - | 135 | - | 135 |
| These loans are in accordance with the general terms applicable to loans to personnel. | | | | | |
| 4. Other operating expenses | | | | | |
| Rents entered under other operating expenses | 32.940 | 195.850 | 164,481 | 162,945 | 113,423 |

NOTES TO THE FINANCIAL STATEMENTS

| | GROUP | | | PARENT COMPANY | |
|--|-------------|-------------|--------------|----------------|--------------|
| | 31 Dec.1998 | 31 Dec.1998 | 31 Dec. 1997 | 31 Dec.1998 | 31 Dec. 1997 |
| | EUR 1000 | FIM 1000 | FIM 1000 | FIM 1000 | FIM 1000 |
| 5. Financial income and expenses | | | | | |
| Income from securities and investments treated as equity | | | | | |
| Dividend income from Group companies | - | - | - | - | 68,705 |
| Dividend income from associated companies | - | - | - | 22,426 | 28,383 |
| Dividend income from other companies | 37 | 222 | 191 | 222 | 2,991 |
| | 37 | 222 | 191 | 22,648 | 100,079 |
| Avoir fiscal tax credit | 193 | 1,147 | 3,753 | 8,807 | 38,919 |
| | 230 | 1,369 | 3,944 | 31,455 | 138,998 |
| Income from securities and investments treated as non-current debt | | | | | |
| From Group companies | - | - | - | 5,202 | 3,975 |
| From associated companies | - | - | - | - | - |
| From other companies | 105 | 625 | 665 | 624 | 794 |
| | 105 | 625 | 665 | 5,826 | 4,769 |
| Other interest and financial income | | | | | |
| From Group companies | - | - | - | 245 | 181 |
| From associated companies | - | - | - | - | - |
| From other companies | 2,517 | 14,962 | 9,612 | 10,921 | 9,689 |
| | 2,517 | 14,962 | 9,612 | 11,166 | 9,870 |
| Writedowns of investments | - | - | -423 | - | -785 |
| Interest and other financial expenses | | | | | |
| From Group companies | - | - | - | -3,288 | -7,599 |
| From associated companies | - | - | - | - | - |
| From other companies | -1,849 | -10,992 | -6,668 | -9,609 | -4,676 |
| | -1,849 | -10,992 | -6,668 | -12,897 | -12,275 |
| Financial income and expenses, total | 1,003 | 5,964 | 7,130 | 35,550 | 140,577 |
| 6. Extraordinary income | | | | | |
| Group contributions received | - | - | - | 56,850 | 78,019 |
| Unrealized tax receivables arising in previous years | 2,447 | 14,550 | - | - | - |
| | 2,447 | 14,550 | - | 56,850 | 78,019 |
| 7. Direct taxes | | | | | |
| For the financial period | 21,310 | 126,706 | 94,108 | 92,535 | 102,247 |
| For previous periods | -227 | -1,352 | -380 | -1,497 | -487 |
| Change in deferred tax liabilities/assets | -166 | -987 | -597 | - | - |
| | 20,917 | 124,367 | 93,131 | 91,038 | 101,760 |

| | GROUP | | | PARENT COMPANY | |
|--|-------------|-------------|--------------|----------------|--------------|
| | 31 Dec.1998 | 31 Dec.1998 | 31 Dec. 1997 | 31 Dec.1998 | 31 Dec. 1997 |
| | EUR 1000 | FIM 1000 | FIM 1000 | FIM 1000 | FIM 1000 |
| 8. Fixed assets, intangible assets | | | | | |
| Intangible rights | | | | | |
| Acquisition cost, 1 Jan. | 20,296 | 120,677 | 111,885 | 69,033 | 55,525 |
| Increases | 4,027 | 23,943 | 17,098 | 31,037 | 22,900 |
| Decreases | -4,827 | -28,699 | -8,306 | -14,326 | -9,392 |
| Acquisition cost, 31 Dec. | 19,496 | 115,921 | 120,677 | 85,744 | 69,033 |
| Accumulated depreciation, 1 Jan. | 16,348 | 97,203 | 82,661 | 50,728 | 45,245 |
| Accumulated depreciation in decreases | -4,662 | -27,719 | -1,297 | -3,480 | -2,257 |
| Depreciation in the period | 3,158 | 18,778 | 15,839 | 12,345 | 7,740 |
| Accumulated depreciation, 31 Dec. | 14,844 | 88,262 | 97,203 | 59,593 | 50,728 |
| Book value, 31 Dec. | 4,652 | 27,659 | 23,474 | 26,151 | 18,305 |
| Goodwill | | | | | |
| Acquisition cost, 1 Jan. | 14,627 | 86,966 | 36,600 | 142,701 | 107,223 |
| Increases | 749 | 4,455 | 50,366 | 4,793 | 38,860 |
| Decreases | -760 | -4,519 | - | -7,268 | -3,382 |
| Acquisition cost, 31 Dec. | 14,616 | 86,902 | 86,966 | 140,226 | 142,701 |
| Accumulated depreciation, 1 Jan. | 5,988 | 35,604 | 26,520 | 55,397 | 31,455 |
| Accumulated depreciation in decreases | - | - | - | -6,068 | - |
| Depreciation in the period | 1,430 | 8,500 | 9,084 | 14,373 | 23,942 |
| Accumulated depreciation, 31 Dec. | 7,418 | 44,104 | 35,604 | 63,702 | 55,397 |
| Book value, 31 Dec. | 7,198 | 42,798 | 51,362 | 76,524 | 87,304 |
| Goodwill on consolidation | | | | | |
| Acquisition cost, 1 Jan. | 36,913 | 219,474 | 207,108 | | |
| Increases | 4,632 | 27,541 | 12,366 | | |
| Decreases | - | - | - | | |
| Acquisition cost, 31 Dec. | 41,545 | 247,015 | 219,474 | | |
| Accumulated depreciation, 1 Jan. | 20,157 | 119,848 | 94,742 | | |
| Accumulated depreciation in decreases | - | - | - | | |
| Depreciation in the period | 4,442 | 26,411 | 25,106 | | |
| Accumulated depreciation, 31 Dec. | 24,599 | 146,259 | 119,848 | | |
| Book value, 31 Dec. | 16,946 | 100,756 | 99,626 | | |
| Other long-term expenditure | | | | | |
| Acquisition cost, 1 Jan. | 4,978 | 29,595 | 34,699 | 23,300 | 22,444 |
| Increases | 1,399 | 8,321 | 602 | 10,567 | 6,957 |
| Decreases | -732 | -4,350 | -5,706 | -4,507 | -6,101 |
| Acquisition cost, 31 Dec. | 5,645 | 33,566 | 29,595 | 29,360 | 23,300 |
| Accumulated depreciation, 1 Jan. | 1,715 | 10,195 | 10,435 | 9,069 | 11,940 |
| Accumulated depreciation in decreases | -133 | -787 | -5,912 | -787 | -5,912 |
| Depreciation in the period | 810 | 4,814 | 5,672 | 3,407 | 3,041 |
| Accumulated depreciation, 31 Dec. | 2,392 | 14,222 | 10,195 | 11,689 | 9,069 |
| Book value, 31 Dec. | 3,253 | 19,344 | 19,400 | 17,671 | 14,231 |
| Advance payments and work in progress | | | | | |
| Acquisition cost, 1 Jan. | - | - | - | - | - |
| Increases | 583 | 3,465 | - | 3,172 | - |
| Acquisition cost, 31 Dec. | 583 | 3,465 | - | 3,172 | - |
| Book value of intangible assets, total | 32,632 | 194,022 | 193,862 | 123,518 | 119,840 |

NOTES TO THE FINANCIAL STATEMENTS

| | GROUP | | | PARENT COMPANY | |
|---|---------------|----------------|----------------|----------------|----------------|
| | 31 Dec.1998 | 31 Dec.1998 | 31 Dec. 1997 | 31 Dec.1998 | 31 Dec. 1997 |
| | EUR 1000 | FIM 1000 | FIM 1000 | FIM 1000 | FIM 1000 |
| 9. Fixed assets, tangible assets | | | | | |
| Land | | | | | |
| Acquisition cost, 1 Jan. | 9,611 | 57,142 | 48,557 | 46,421 | 48,422 |
| Increases | - | - | 10,812 | - | 226 |
| Decreases | -754 | -4,482 | -2,227 | -4,470 | -2,227 |
| Acquisition cost, 31 Dec. | 8,857 | 52,660 | 57,142 | 41,951 | 46,421 |
| Buildings | | | | | |
| Acquisition cost, 1 Jan. | 46,937 | 279,073 | 235,032 | 217,777 | 216,468 |
| Increases | 12,385 | 73,636 | 61,071 | - | 1,309 |
| Decreases | -6,907 | -41,069 | -17,030 | -40,579 | - |
| Acquisition cost, 31 Dec. | 52,415 | 311,640 | 279,073 | 177,198 | 217,777 |
| Accumulated depreciation, 1 Jan. | 10,729 | 63,789 | 57,783 | 58,134 | 51,821 |
| Accumulated depreciation in decreases | -1,684 | -10,013 | -510 | -10,013 | - |
| Depreciation in the period | 1,244 | 7,394 | 6,516 | 6,160 | 6,313 |
| Accumulated depreciation, 31 Dec. | 10,289 | 61,170 | 63,789 | 54,281 | 58,134 |
| Book value, 31 Dec. | 42,126 | 250,470 | 215,284 | 122,917 | 159,643 |
| Machinery and equipment | | | | | |
| Acquisition cost, 1 Jan. | 88,125 | 523,969 | 498,199 | 403,029 | 302,204 |
| Increases | 24,625 | 146,414 | 131,677 | 182,974 | 144,820 |
| Decreases | -21,722 | -129,153 | -105,907 | -111,773 | -43,995 |
| Acquisition cost, 31 Dec. | 91,028 | 541,230 | 523,969 | 474,230 | 403,029 |
| Accumulated depreciation, 1 Jan. | 54,811 | 325,892 | 320,713 | 241,760 | 188,506 |
| Accumulated depreciation in decreases | -11,614 | -69,054 | -98,786 | -5,402 | -12,539 |
| Depreciation in the period | 17,302 | 102,875 | 103,965 | 78,557 | 65,793 |
| Accumulated depreciation, 31 Dec. | 60,499 | 359,713 | 325,892 | 314,915 | 241,760 |
| Book value, 31 Dec. | 30,529 | 181,517 | 198,077 | 159,315 | 161,269 |
| Other tangible assets | | | | | |
| Acquisition cost, 1 Jan. | 788 | 4,685 | 3,280 | 1,688 | 1,688 |
| Increases | 138 | 818 | 1,405 | 95 | - |
| Decreases | -34 | -201 | - | -201 | - |
| Acquisition cost, 31 Dec. | 892 | 5,302 | 4,685 | 1,582 | 1,688 |
| Accumulated depreciation, 1 Jan. | 365 | 2,169 | 1,773 | 905 | 834 |
| Accumulated depreciation in decreases | - | - | - | - | - |
| Depreciation in the period | 84 | 497 | 396 | 62 | 71 |
| Accumulated depreciation, 31 Dec. | 449 | 2,666 | 2,169 | 967 | 905 |
| Book value, 31 Dec. | 443 | 2,636 | 2,516 | 615 | 783 |
| Advance payments and work in progress | | | | | |
| Acquisition cost, 1 Jan. | 5,355 | 31,836 | 12 | 7,301 | - |
| Increases | 10,740 | 63,860 | 31,836 | 65,540 | 7,301 |
| Transfers | -4,125 | -24,524 | -12 | -1,938 | 0 |
| Acquisition cost, 31 Dec. | 11,970 | 71,172 | 31,836 | 70,903 | 7,301 |
| Book value of tangible assets, total 31 Dec. | 93,925 | 558,455 | 504,855 | 395,701 | 375,417 |

| | GROUP | | | PARENT COMPANY | |
|--|--------------|--------------|--------------|----------------|--------------|
| | 31 Dec. 1998 | 31 Dec. 1998 | 31 Dec. 1997 | 31 Dec. 1998 | 31 Dec. 1997 |
| | EUR 1000 | FIM 1000 | FIM 1000 | FIM 1000 | FIM 1000 |
| 10. Investments | | | | | |
| Shares in Group companies | | | | | |
| Acquisition cost, 1 Jan. | | | | 160,921 | 182,621 |
| Increases | | | | 21,769 | 139,277 |
| Decreases | | | | -34,870 | -160,977 |
| Acquisition cost, 31 Dec. | | | | 147,820 | 160,921 |
| Writedowns | | | | -174 | -174 |
| Book value, 31 Dec. | | | | 147,646 | 160,747 |
| Shares in associated companies | | | | | |
| Acquisition cost, 1 Jan. | 12,299 | 73,124 | 92,272 | 38,084 | 52,726 |
| Increases | 6,543 | 38,906 | 13,639 | 22,844 | 16,739 |
| Decreases | - | - | -32,788 | -140 | -31,381 |
| Acquisition cost, 31 Dec. | 18,842 | 112,030 | 73,123 | 60,788 | 38,084 |
| Writedowns | -132 | -785 | -785 | -785 | -785 |
| Book value, 31 Dec. | 18,710 | 111,245 | 72,338 | 60,003 | 37,299 |
| Other shares | | | | | |
| Acquisition cost, 1 Jan. | 1,127 | 6,702 | 9,691 | 4,453 | 3,633 |
| Increases | 1,106 | 6,574 | 87 | 850 | 941 |
| Decreases | -284 | -1,690 | -3,076 | -1,103 | -121 |
| Acquisition cost, 31 Dec. | 1,949 | 11,586 | 6,702 | 4,200 | 4,453 |
| Writedowns | -23 | -136 | -136 | - | - |
| Book value, 31 Dec. | 1,926 | 11,450 | 6,566 | 4,200 | 4,453 |
| Investments, total 31 Dec. | 20,636 | 122,695 | 78,904 | 211,849 | 202,499 |
| 11. Taxation values of fixed assets | | | | | |
| Land in Finland | 5,179 | 30,790 | 32,893 | 18,069 | 21,169 |
| Buildings in Finland | 30,411 | 180,815 | 200,911 | 130,755 | 151,709 |
| Shares and securities | | | | | |
| Shares in Finnish Group companies | 19,049 | 113,260 | 184,793 | 107,680 | 184,274 |
| Shares in Finnish associated companies | 15,763 | 93,722 | 42,390 | 93,722 | 42,390 |
| Shares in other Finnish companies | 2,035 | 12,099 | 5,524 | 8,408 | 4,473 |
| Shares in trust funds | - | - | 99,823 | - | 99,823 |

If no taxation value is available, the book value is used.

| 31 December 1998 | Number | Share % | Nominal value | Book value FIM 1000 | Equity FIM 1000 | Profit/loss for the year FIM 1000 |
|---|---------|---------|---------------|------------------------|--------------------|---|
| 12. Investments | | | | | | |
| Subsidiary shares owned by the parent company | | | | | | |
| Oy EDI Management Finland Ltd, Finland | 1,000 | 100.0 | 300 | 713 | 1,649 | 69 |
| Kiint. Oy Tietokilo 1-2, Finland | 2,500 | 100.0 | 25,000 | 67,428 | 25,429 | 113 |
| SIA Tieto, Latvia | 1 | 100.0 | LVL 125 | 1,123 | 614 | -506 |
| Tieto Danmark A/S, Denmark | 1 | 100.0 | DKK 500 | 53 | 5,814 | 1,704 |
| Tieto Eesti AS, Estonia | 400 | 100.0 | EEK 640 | 486 | 2,462 | 1,209 |
| Tieto Entra Oy, Finland | 150 | 100.0 | 3,015 | 9,015 | 17,873 | 8,858 |
| Tieto France S.A.R.L., France | 400 | 100.0 | FRF 400 | 355 | 658 | 157 |
| Tieto GmbH, Germany | 200 | 100.0 | DEM 200 | 630 | 584 | -9 |
| Tieto Iberica S.L., Spain | 500 | 100.0 | ESP 500 | 18 | -158 | -176 |
| Tieto Innovation Oy, Finland | 300 | 100.0 | 300 | 300 | 1,633 | 75 |
| Tieto Konts Financial Systems SIA, Latvia | 32 | 51.6 | LVL 26 | 8,185 | 3,264 | 1,085 |
| Tieto Norge AS, Norway | 7,000 | 100.0 | NOK 7,000 | 11,458 | 16,303 | 3,367 |
| Tieto N.V., Belgium | 100 | 100.0 | BEF 1,250 | 171 | 2,033 | -313 |
| Tieto Professional Oy, Finland | 9,912 | 100.0 | 991 | 2,866 | 3,193 | 10 |
| Tieto Sweden AB, Sweden | 31,000 | 100.0 | SEK 3,100 | 4,537 | 31,165 | 17,340 |
| Tieto Technology Oy, Finland | 173,225 | 100.0 | 2,598 | 7,328 | 8,120 | 38 |
| Tieto U.K., Great Britain | 20,000 | 100.0 | GBP 145 | 1,068 | -641 | -178 |
| Tieto Unic Oy (form. Unic Oy), Finland | 45,675 | 100.0 | 4,567 | 26,846 | 16,098 | 1,332 |
| Tietoteema Oy, Finland | 8,000 | 100.0 | 60 | 3,353 | 914 | 660 |
| Totus Oy, Finland | 200 | 100.0 | 1,000 | 1,661 | 1,447 | 29 |
| Dormant subsidiaries (3 in total) | | | | 52 | 44 | - |
| | | | | 147,646 | | |
| Shares in Group companies owned by the subsidiaries | | | | | | |
| AXO Systems AS, Norway | 14,003 | 100.0 | NOK 1,400 | 7,060 | 2,909 | -3 |
| GC Computer AS, Norway | 2,000 | 100.0 | NOK 200 | 3,887 | 1,249 | 180 |
| Huldt & Lillevik AS, Norway | 70 | 100.0 | NOK 70 | 938 | 481 | -104 |
| Huldt & Lillevik Kompetanse AS, Norway | 2,000 | 100.0 | NOK 1,000 | 2,480 | 4,652 | 1,660 |
| Koulutuskolmio Oy, Finland | 60 | 100.0 | 15 | 1,524 | 1,869 | 720 |
| New Technology Software AB, Sweden | 1,000 | 100.0 | SEK 100 | 1,880 | 2,067 | 1,105 |
| Raxum Oy, Finland | 125 | 100.0 | 31 | 5,786 | 2,000 | 610 |
| Tieto Datema AB, Sweden | 16,000 | 100.0 | SEK 16,000 | 8,648 | 13,692 | 13 |
| Tieto Financial Systems AB, Sweden | 3,000 | 100.0 | SEK 3,000 | 2,485 | 3,003 | 1 |
| Tieto Poland Sp. z.o.c., Poland | 1 | 100.0 | PLN 4 | 6 | 0 | 5 |
| Tieto Technology AB, Sweden | 40,000 | 100.0 | SEK 4,000 | 3,552 | 3,181 | 21 |
| Tieto Technology AS, Norway | 115,000 | 100.0 | NOK 1,150 | 4,691 | 2,403 | -742 |
| Tieto Technology A/S, Denmark | 5 | 100.0 | DKK 1,000 | 5,990 | 5,990 | 1,688 |
| Tieto Tradeware AB, Sweden | 9,092 | 91.6 | SEK 909 | 4,323 | 671 | -124 |
| Tietokolmio Oy, Finland | 15 | 100.0 | 15 | 18,288 | 11,039 | 4,423 |
| Tieto Industry AB, (form. TimberSoft AB), Sweden | 1,000 | 100.0 | SEK 100 | 1,592 | 558 | -18 |
| Dormant subsidiaries (8 in total) | | | | 4,145 | 7 761 | -2 |
| | | | | 77,275 | | |

| 31 December 1998 | Number | Share % | Nominal value | Book value FIM 1000 | Equity FIM 1000 | Profit/loss for the year FIM 1000 |
|--|--------|--------------------|---------------|------------------------|--------------------|---|
| Shares in associated companies, other shares and securities | | | | | | |
| Associated companies owned and managed by the parent company | | | | | | |
| Fidenta Oy | 6,000 | 60.0 ¹⁾ | 600 | 1,200 | 29,159 | 24,342 |
| Tietokarhu Oy | 8,000 | 80.0 ¹⁾ | 800 | 1,600 | 9,353 | 7,353 |
| Tietoleonia Oy | 9,000 | 60.0 ¹⁾ | 900 | 1,800 | 18,801 | 14,411 |
| TKP Tieto Oy | 900 | 60.0 ¹⁾ | 900 | 14,999 | 28,917 | 8,919 |
| | | | | 19,599 | | |
| ¹⁾ 40 % of the voting rights ¹⁾ 20 % of the voting rights | | | | | | |
| Shares in associated companies owned by the parent company | | | | | | |
| FD Finanssidata Oy | 30,000 | 30.0 | 3,000 | 4,500 | 36,691 | 4,059 |
| Kiint, Oy Villa Upinniemi | 17,500 | 35.0 | | 5,694 | | ¹⁾ |
| Merita Systems Oy | 200 | 40.0 | 200 | 200 | 844 | -10 |
| Nordic Printmail Oy | 49 | 49.0 | 490 | 17,150 | | ¹⁾ |
| Oy Samlink Ab | 39,563 | 28.8 | 3,956 | 12,854 | 60,396 | 4,364 |
| Other shares in associated companies | | | | 6 | | |
| | | | | 40,404 | | |
| ¹⁾ Financial statements have not been confirmed | | | | | | |
| Other shares and securities owned by the parent company | | | | | | |
| Bostadsrättsföreningen Almen 10, Solna | | | | 481 | | |
| Delectia Oy | 1,000 | 16.7 | 100 | 100 | | |
| Helsinki Stock Exchange Ltd | 24,400 | | 150 | 150 | | |
| Helsinki Telephone Company | 483 | | | 1,568 ²⁾ | | |
| Jyväskylän Teknoliikeskus Oy | 40 | 8.0 | 400 | 400 | | |
| Tapiolan Monitoimiareena Oy | 14 | | | 700 | | |
| Tampereen Puhelin Oy | 7,000 | | | 73 ²⁾ | | |
| Other shares and securities | | | | 728 | | |
| | | | | 4,200 | | |
| ²⁾ Market capitalization FIM 9,306,000 | | | | | | |
| Other shares and securities owned by subsidiaries | | | | | | |
| As Oy Postipuuntie, Espoo | 53 | | 21 | 270 | | |
| Bankserviss SIA | 13 | 10.4 | | 436 | | |
| Helsinki Telephone Company | 53 | | | 149 ³⁾ | | |
| Kiint, Oy Nukanleikkaaja | 799 | | | 4,852 | | |
| Oy Pickala Golf Ab | 1 | | | 107 | | |
| Vierumäen Kuntorinne Oy | 80 | | 8 | 1,152 | | |
| Other shares and securities | | | | 284 | | |
| | | | | 7,250 | | |
| ³⁾ Market value FIM 981,000 | | | | | | |

The list does not include companies with a book value of less than FIM 100,000 in the balance sheet of Tieto or companies that are inactive. A complete list as required by the Companies Act is included in the company's official financial statements.

NOTES TO THE FINANCIAL STATEMENTS

| | GROUP | | | PARENT COMPANY | |
|--|-------------|-------------|--------------|----------------|--------------|
| | 31 Dec.1998 | 31 Dec.1998 | 31 Dec. 1997 | 31 Dec.1998 | 31 Dec. 1997 |
| | EUR 1000 | FIM 1000 | FIM 1000 | FIM 1000 | FIM 1000 |
| 13. Non-current receivables | | | | | |
| Loan receivables from Group companies | - | - | - | 102,705 | 102,939 |
| Receivables from associated companies | - | - | - | - | - |
| 14. Current receivables | | | | | |
| Receivables from Group companies | | | | | |
| Trade receivables | - | - | - | 5,144 | 5,463 |
| Loan receivables | - | - | - | 10,217 | 629 |
| Group contributions receivable | - | - | - | 56,850 | 78,019 |
| Prepaid expenses and accrued income | - | - | - | 5,030 | 51,922 |
| Receivables from associated companies | | | | 77,241 | 136,033 |
| Trade receivables | 820 | 4,876 | 2,778 | 4,843 | 2,737 |
| Other receivables | 0 | 2 | 69 | 2 | 69 |
| Prepaid expenses and accrued income | 2 | 11 | 298 | 11 | 290 |
| | 822 | 4,889 | 3,145 | 4,856 | 3,096 |
| 15. Prepaid expenses and accrued income | | | | | |
| Net sales | 871 | 5,178 | 7,793 | 2,663 | 5,194 |
| Licence fees | 3,205 | 19,055 | 21,675 | 10,856 | 16,951 |
| Rents | 1,198 | 7,123 | 1,254 | 4,205 | 68 |
| Social costs | 2,733 | 16,251 | 12,425 | 13,884 | 8,360 |
| Dividend receivables | - | - | - | - | 47,000 |
| Value added tax | 19 | 115 | 5,715 | - | - |
| Corporate tax | 730 | 4,340 | 2,695 | - | 792 |
| Interest | 82 | 490 | 590 | 4,797 | 4,180 |
| Other | 6,404 | 38,074 | 13,451 | 14,492 | 5,025 |
| | 15,242 | 90,626 | 65,598 | 50,897 | 87,570 |
| 16. Changes in shareholders' equity | | | | | |
| Share capital, 1 Jan. | 14,798 | 87,986 | 87,906 | 87,986 | 87,906 |
| Bonus issue | 29,613 | 176,071 | - | 176,071 | - |
| Use of option rights | 446 | 2,651 | 80 | 2,651 | 80 |
| Share capital, 31 Dec. | 44,857 | 266,708 | 87,986 | 266,708 | 87,986 |
| Share issue, use of option rights | 1,600 | 9,516 | - | 9,516 | - |
| Share premium fund, 1 Jan. | 65,234 | 387,867 | 387,610 | 387,867 | 387,610 |
| Bonus issue | -29,613 | -176,071 | - | -176,071 | - |
| Use of option rights | 1,967 | 11,693 | 257 | 11,693 | 257 |
| Share premium fund, 31 Dec. | 37,588 | 223,489 | 387,867 | 223,489 | 387,867 |
| Restricted reserves, 1 Jan. | 543 | 3,230 | 1,936 | - | - |
| Transfer from retained earnings to restricted reserves | 107 | 636 | 1,294 | - | - |
| Restricted reserves, 31 Dec. | 650 | 3,866 | 3,230 | - | - |

| | GROUP | | | PARENT COMPANY | |
|--|---|-------------|--------------|----------------|--------------|
| | 31 Dec.1998 | 31 Dec.1998 | 31 Dec. 1997 | 31 Dec.1998 | 31 Dec. 1997 |
| | EUR 1000 | FIM 1000 | FIM 1000 | FIM 1000 | FIM 1000 |
| Retained earnings, 1 Jan. | 72,551 | 431,367 | 287,843 | 363,276 | 153,663 |
| Dividend distribution | -15,864 | -94,321 | -49,227 | -94,321 | -49,227 |
| Purchase of own shares | -32,379 | -192,516 | - | -192,516 | - |
| Other change | -888 | -5,280 | 4,053 | -400 | -10 |
| Retained earnings, 31 Dec. | 23,420 | 139,250 | 242,669 | 76,039 | 104,426 |
| Profit for the period | 53,418 | 317,608 | 188,698 | 264,166 | 258,850 |
| Shareholders' equity, total | 76,838 | 456,858 | 431,367 | 340,205 | 363,276 |
| Portion of accumulated depreciation and appropriations entered in shareholders' equity | 161,533 | 960,437 | 910,450 | 839,918 | 839,129 |
| Distributable funds in shareholders' equity | 4,149 | 24,667 | 33,233 | | |
| 17. Provisions | 72,689 | 432,191 | 393,933 | 340,205 | 363,276 |
| Personnel training and development scheme | 4,512 | 26,828 | 10,000 | 26,828 | 10,000 |
| Provision for pension commitments | 420 | 2,493 | 3,877 | 2,493 | 3,877 |
| Provision for future guarantee expenses | - | - | 105 | - | 105 |
| 18. Non-current liabilities | 4,932 | 29,321 | 13,982 | 29,321 | 13,982 |
| Debts to Group companies | - | - | - | - | - |
| Debts falling due after five years | | | | | |
| Pension loans | 105 | 625 | 672 | 625 | 672 |
| Other loans | - | - | 111 | - | |
| | 105 | 625 | 783 | 625 | 672 |
| 1996 bond with warrants to employees – parent company | | | | | |
| Loan principal | 5.921 | | | | |
| Number of warrants | 592.130 of which 440.255 unexercised | | | | |
| Interest | 5 % | | | | |
| Subscription period | 1 Dec. 1998 – 31 Jan. 2002 | | | | |
| Subscription terms | 6 shares for FIM 27.17 per share in exchange for one warrant | | | | |
| Loan repayment | 14 June 2000 | | | | |
| 1998 bond with warrants to employees – parent company | | | | | |
| Loan principal | 2.000 | | | | |
| Number of warrants | 200.000 | | | | |
| Interest | 4 % | | | | |
| Subscription period | 15 Jun. 2001 – 31 May 2004 | | | | |
| Subscription terms | 6 shares for FIM 175.17 per share in exchange for one warrant | | | | |
| Loan repayment | 15 June 2001 | | | | |

NOTES TO THE FINANCIAL STATEMENTS

| | GROUP | | | PARENT COMPANY | |
|--|-------------|-------------|--------------|----------------|--------------|
| | 31 Dec.1998 | 31 Dec.1998 | 31 Dec. 1997 | 31 Dec.1998 | 31 Dec. 1997 |
| | euro 1000 | mk 1000 | mk 1000 | mk 1000 | mk 1000 |
| 19. Current liabilities | | | | | |
| Debt owed to Group companies | | | | | |
| Trade payables | - | - | - | 2,241 | 5,079 |
| Other debt | - | - | - | 54,965 | 148,133 |
| Accrued liabilities and deferred income | - | - | - | 23,415 | 1,290 |
| | - | - | - | 80,621 | 154,502 |
| Debt owed to associated companies | | | | | |
| Trade payables | 149 | 887 | 2,922 | 887 | 2,922 |
| Accrued liabilities and deferred income | 11 | 66 | 2,734 | 66 | 2,734 |
| | 160 | 953 | 5,656 | 953 | 5,656 |
| 20. Accrued liabilities and deferred income | | | | | |
| Holiday pay and related indirect payroll costs | 21,566 | 128,225 | 114,471 | 93,356 | 72,565 |
| Other periodized wages and salaries and related indirect payroll costs | 9,611 | 57,144 | 29,253 | 39,057 | 14,874 |
| Other periodized social costs | 3,259 | 19,375 | 11,799 | 15,537 | 7,060 |
| Withholding tax | 4,517 | 26,860 | 16,525 | 18,971 | 9,794 |
| Rents | 660 | 3,922 | 308 | 12,224 | - |
| Value added tax | 11,981 | 71,239 | 52,812 | 49,954 | 31,571 |
| Corporate tax | 6,700 | 39,839 | 62,511 | 35,466 | 62,349 |
| Interest | 300 | 1,785 | 1,092 | 1,187 | 1,308 |
| Other | 13,484 | 80,171 | 60,894 | 34,476 | 28,231 |
| | 72,078 | 428,560 | 349,665 | 300,228 | 227,752 |
| 21. Deferred tax assets and liabilities | | | | | |
| Deferred tax assets | | | | | |
| From temporary differences | 2,367 | 14,073 | - | | |
| Deferred tax liabilities | | | | | |
| From appropriations | 1,536 | 9,130 | 12,000 | | |
| From temporary differences | 536 | 3,187 | 1,031 | | |
| 22. Contingent liabilities | | | | | |
| For Tieto Group obligations | | | | | |
| Pledges | - | - | 62 | - | - |
| On behalf of Group companies | | | | | |
| Guarantees | - | - | - | 15,534*) | 51,471*) |
| On behalf of associated companies | | | | | |
| Guarantees | 1,009 | 6,000 | 60 | 6,000 | - |
| Other Tieto Group obligations | | | | | |
| Rent commitments due in 1999 (1998) | 13,240 | 78,723 | 68,352 | 66,290 | 49,063 |
| Rent commitments due later | 24,811 | 147,521 | 154,576 | 131,955 | 126,869 |
| Lease commitments due in 1999 (1998) | 12,277 | 72,995 | 45,158 | 60,709 | 37,105 |
| Lease commitments due later | 18,231 | 108,396 | 85,229 | 95,516 | 76,704 |
| Guarantee commitments | 58 | 343 | 1,680 | - | 1,680 |
| Rent commitments | 88 | 524 | 592 | 129 | 781 |
| Other commitments | 1,454 | 8,643 | 18 | 7,918 | 18 |
| Leasing commitments are principally three-year leasing agreements which do not have redemption clauses. | | | | | |
| *) Does not include the limits guaranteed by the parent company, which totalled FIM 26,517,000 (18,995,000) on 31 December 1998. | | | | | |

RISK MANAGEMENT
Management of financial risks

Tieto's Group Financing is centrally responsible for handling all the Group's external financial transactions. The subsidiaries and divisions do not make external financial contracts independently. The counterparties to Tieto's financial contracts are leading Nordic banks.

The Treasury Committee prepares capital structure and financing policy issues and other significant matters which require a decision of the Board of Directors. It also supervises and steers the company's financing function in accordance with the guidelines in force. Group Financing operates and makes decisions within permitted limits. Contracts which exceed these limits are decided by Group management or the Board of Directors.

Tieto's policy is to minimize the impact of financial risks on its financial position. Financial risks are monitored and reported regularly. Interest and currency derivatives are used to hedge against risks. Derivatives are only used for hedging.

Foreign exchange risk

Tieto is subject to relatively minor foreign exchange risks since the company's operations are local in scope; the income and expenses of Group companies are normally generated in the same currency. When dealing with foreign parties, Tieto's first priority is to use internal means of hedging, such as a suitable invoicing currency or currency clauses in contracts. A large proportion of Tieto's foreign exchange transactions are licence purchases denominated in US dollars. These pose short risks, generally less than three months. Larger foreign exchange transactions occur irregularly and for this reason the Group's foreign exchange exposure varies to some extent.

Tieto's estimated transaction exposure at the end of 1998, excluding hedging, totalled FIM 9.7 million. In addition to committed amounts of foreign exchange related to business operations, the transaction exposure included intragroup and external financial transactions. These transactions were normally denominated in Norwegian or Swedish krona. The company's policy is to hedge all significant foreign exchange commitments. At the end of the year 76 % of the transaction exposure was hedged using currency forward contracts.

Tieto's competitive position is not sensitive to exchange rate fluctuations. Customers require all service suppliers to have a local presence and therefore the foreign exchange profile of Tieto's competitors is similar.

The translation exposure is not hedged unless exchange rate changes are likely to have a significant impact on the Group's capital struc-

ture, profit distribution, key indicators or credit rating. This exposure is also kept to a minimum by repatriating profits from foreign subsidiaries as completely as possible. At the end of 1998 the translation exposure of Tieto's shareholders' equity was FIM 1,073.9 million, of which 6.7 % was denominated in foreign currency. The most important currencies were the Swedish krona (3.4 %) and the Norwegian krona (1.3 %). A 10 % increase in the value of the euro would reduce non-restricted shareholders' equity at the end of the financial year 1998 by FIM 6.7 million. The translation exposure is not hedged.

Management of interest rate risks

Interest rate risk management in Tieto is guided by a gearing target which leads to active decreasing of overcapitalization. Cashflow is extremely strong when business operations are profitable. The accumulation of excess capital is natural if these funds cannot be invested in the business operations at the same pace. Nor does the organic growth of the Group absorb funds. During 1998 overcapitalization was reduced by purchasing the company's own shares for a total of FIM 192.5 million. The Group has approximately FIM 115 million in uncommitted credit lines to balance short-term fluctuations in cashflow and to secure liquidity.

The decrease in overcapitalization reduces negative gearing close to zero, which means that the company can regulate its interest rate risk position by balancing the fixed interest periods of the interest-bearing items in the balance sheet.

If Tieto raised a loan which would make its gearing permanently positive, the company would aim to match the average fixed interest period of net debt to the average depreciation period of the fixed assets tied to its business operations.

At the end of the year, gearing was -12.0 %, interest-bearing receivables were FIM 194.5 million and interest-bearing liabilities were FIM 55.7 million, including FIM 23.6 million in liabilities denominated in Norwegian krona. Tieto's investment policy is to invest its liquid assets for periods of less than 12 months. At the year end the average fixed interest period of the company's loans was 6 months.

The interest rate risk exposure did not pose any major risk, nor was it hedged using derivatives during 1998. A one percentage point parallel increase of the yield curve would reduce annual net financial expenses by approximately FIM 1.7 million based on the year end balance sheet. Interest rate risk management also takes account of interest on financial leasing contracts. From the beginning of 1999 financial leasing will be treated as fixed assets in the balance sheet.

| | GROUP | | | PARENT COMPANY | |
|--|-------------|-------------|--------------|----------------|--------------|
| | 31 Dec.1998 | 31 Dec.1998 | 31 Dec. 1997 | 31 Dec.1998 | 31 Dec. 1997 |
| | EUR 1000 | FIM 1000 | FIM 1000 | FIM 1000 | FIM 1000 |
| Derivative contracts | | | | | |
| Currency derivatives | | | | | |
| Forward contracts | | | | | |
| Value of underlying instruments | 4.226 | 25.125 | 6.232 | 25.125 | 6.232 |
| Market value of currency forward contracts | 23 | 137 | -20 | 137 | -20 |

CALCULATION OF KEY RATIOS

| | | |
|--------------------------------------|---|---|
| Return on investment, % (ROI) | = | $\frac{\text{Profit before extraordinary items + financial expenses}}{\text{Balance sheet total - interest-free liabilities (12-month average)}} \times 100$ |
| Return on equity, % (ROE) | = | $\frac{\text{Profit before extraordinary items - direct taxes}}{\text{Shareholders' equity + minority interests (12-month average)}} \times 100$ |
| Gearing, % | = | $\frac{\text{Interest-bearing debt + advance payments - cash at hand and in bank - securities included in current assets}}{\text{Shareholders' equity + minority interests}} \times 100$ |
| Equity ratio, % | = | $\frac{\text{Shareholders' equity + minority interests}}{\text{Balance sheet total - advance payments received}} \times 100$ |
| Quick ratio | = | $\frac{\text{Financial assets}}{\text{Current liabilities - advance payments received}}$ |
| Interest-bearing net debt | = | $\frac{\text{Interest-bearing debt - cash in hand and at bank - securities included in current assets}}{\text{Profit before extraordinary items -/+ minority interest in year-end profit/loss - direct taxes}}$ |
| Earnings per share | = | $\frac{\text{Profit (numerator)}}{\text{Adjusted 12-month average of shares}}$ |
| Shareholders' equity/share | = | $\frac{\text{Shareholders' equity + accumulated appropriations}}{\text{Adjusted number of shares at the year end}}$ |
| Price/earnings ratio (P/E) | = | $\frac{\text{Share price at the year end}}{\text{Earnings per share}}$ |

FIVE YEARS IN FIGURES

| In Finnish markka | 1998 | 1997 | 1996 | 1995 | 1994 |
|---|---------|---------|---------|---------|-------|
| From the income statement | | | | | |
| Net sales, FIM million | 2,813.1 | 2,433.0 | 2,054.9 | 1,148.7 | 979.8 |
| Operating profit, FIM million | 421.8 | 274.7 | 182.0 | 86.8 | 64.8 |
| As % of net sales | 15.0 | 11.3 | 8.9 | 7.6 | 6.6 |
| Profit before extraordinary items, FIM million | 427.3 | 281.8 | 194.3 | 96.0 | 63.3 |
| As % of net sales | 15.2 | 11.6 | 9.5 | 8.4 | 6.5 |
| Profit before appropriations and taxes, FIM million | 442.3 | 281.8 | 194.3 | 96.0 | 63.3 |
| As % of net sales | 15.7 | 11.6 | 9.5 | 8.4 | 6.5 |
| Profit before extraordinary items, after taxes, FIM million | 303.4 | 188.7 | 123.4 | 75.0 | 48.7 |
| Balance sheet total, FIM million | 1,548.5 | 1,444.0 | 1,280.0 | 1,426.6 | 631.8 |
| Return on investment (ROI), % | 43.7 | 31.8 | 25.6 | 25.0* | 18.1 |
| Return on shareholders' equity (ROE), % | 32.4 | 22.3 | 17.0 | 21.4* | 16.3 |
| From the balance sheet | | | | | |
| Gearing, % | -12.0 | -23.1 | -17.6 | -27.6 | -16.5 |
| Interest-bearing net debt, FIM million | -122.4 | -214.9 | -143.8 | -195.8 | -91.6 |
| Equity ratio, % | 62.4 | 63.2 | 61.3 | 47.4 | 53.8 |
| Quick ratio | 1.29 | 1.42 | 1.31 | 1.04 | 1.67 |
| Investments | | | | | |
| Land and buildings, FIM million | 112.8 | 101.0 | - | 0.3 | - |
| Data processing equipment, FIM million | 89.9 | 114.1 | 69.3 | 41.3 | 40.1 |
| Other investments, FIM million | 125.2 | 114.4 | 118.2 | 699.5 | 43.4 |
| Total investments, FIM million | 327.9 | 329.5 | 187.5 | 741.1 | 83.5 |
| As % of net sales | 11.7 | 13.5 | 9.1 | 64.5 | 8.5 |
| Personnel | | | | | |
| Average during the financial year | 4,868 | 4,221 | 3,577 | 1,996 | 1,740 |
| On 31 December | 5,064 | 4,332 | 3,976 | 3,305 | 1,740 |

*) Key ratios calculated without the effect of Unic group and VTKK group.

KEY FIGURES BY QUARTER

| In Finnish markka | 1998 | 1998 | 1998 | 1998 | 1998 | 1997 | 1997 | 1997 | 1997 | 1997 |
|--|--------|--------|-------|--------|--------|--------|--------|--------|--------|--------|
| | 1-3 | 4-6 | 7-9 | 10-12 | 1-12 | 1-3 | 4-6 | 7-9 | 10-12 | 1-12 |
| Net sales, FIM million | 676.1 | 687.0 | 649.2 | 800.8 | 2813.1 | 594.5 | 609.8 | 554.4 | 674.3 | 2433.0 |
| Operating profit, FIM million | 88.4 | 92.3 | 115.9 | 125.2 | 421.8 | 56.3 | 61.3 | 65.1 | 92.0 | 274.7 |
| Net financial items, FIM million | 2.7 | 1.0 | 1.2 | 1.0 | 5.9 | 4.1 | 0.9 | 0.5 | 1.6 | 7.1 |
| Profit before extraordinary items, FIM million | 91.1 | 93.3 | 117.1 | 126.2 | 427.7 | 60.4 | 62.2 | 65.6 | 93.6 | 281.8 |
| Earnings per share, FIM | 1.24 | 1.26 | 1.56 | 1.71 | 5.76 | 0.71 | 0.82 | 0.95 | 1.10 | 3.58 |
| Earnings (excl. goodwill amortization) per share, FIM | 1.39 | 1.41 | 1.71 | 1.88 | 6.39 | 0.89 | 0.96 | 1.09 | 1.25 | 4.19 |
| Equity per share, FIM | 16.73 | 17.96 | 17.52 | 18.42 | 18.42 | 14.34 | 15.08 | 16.06 | 17.26 | 17.26 |
| Return on equity (ROE), % | 7.3 | 7.2 | 8.9 | 9.5 | 32.4 | 5.2 | 5.1 | 6.1 | 6.6 | 22.3 |
| Return on investment (ROI), % | 9.7 | 9.8 | 12.1 | 13.0 | 43.7 | 7.4 | 7.5 | 7.3 | 10.1 | 31.8 |
| Equity ratio, % | 61.5 | 65.1 | 64.8 | 62.4 | 62.4 | 58.6 | 60.6 | 63.9 | 63 | 63.2 |
| Interest-bearing net debt, FIM million | -194.4 | -160.8 | -63.6 | -122.4 | -122.4 | -125.4 | -101.4 | -130.6 | -214.9 | -214.9 |
| Gearing, % | -19.2 | -15.4 | -4.6 | -12.0 | -12.0 | -13.4 | -9.0 | -12.7 | -23.1 | -23.1 |
| Investments, FIM million | 62.9 | 92.9 | 69.2 | 102.9 | 327.9 | 65.5 | 164.6 | 29.4 | 29.4 | 329.5 |
| Personnel at year end | 4,711 | 4,860 | 4,990 | 5,064 | 5,064 | 4,099 | 4,266 | 4,324 | 4,332 | 4,332 |
| Personnel on average | 4,675 | 4,775 | 4,972 | 5,046 | 4,868 | 4,058 | 4,199 | 4,310 | 4,315 | 4,221 |
| Net sales per employee, FIM 1,000 ¹⁾ | 154 | 153 | 139 | 169 | 614 | 153 | 151 | 134 | 163 | 600 |
| Personnel expenses per employee, FIM 1,000 ¹⁾ | 73 | 70 | 60 | 73 | 276 | 68 | 66 | 57 | 69 | 259 |
| Operating profit per employee, FIM 1,000 ¹⁾ | 20 | 21 | 25 | 26 | 92 | 14 | 15 | 16 | 22 | 68 |

¹⁾ Calculated using personnel figures of associated companies under Tieto management in proportion to Tieto's holding in these companies.

FIVE YEARS IN FIGURES

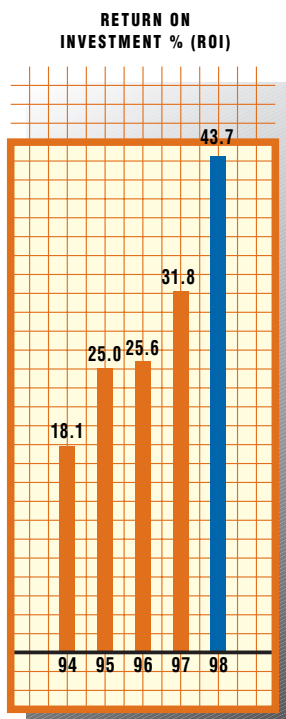
| In euro | 1998 | 1997 | 1996 | 1995 | 1994 |
|---|-------|-------|-------|--------------------|-------|
| From the income statement | | | | | |
| Net sales, EUR million | 473.1 | 409.2 | 345.6 | 193.2 | 164.8 |
| Operating profit, EUR million | 70.9 | 46.2 | 30.6 | 14.6 | 10.9 |
| As % of net sales | 15.0 | 11.3 | 8.9 | 7.6 | 6.6 |
| Profit before extraordinary items, EUR million | 71.9 | 47.4 | 32.7 | 16.1 | 10.6 |
| As % of net sales | 15.2 | 11.6 | 9.5 | 8.4 | 6.5 |
| Profit before appropriations and taxes, EUR million | 74.4 | 47.4 | 32.7 | 16.1 | 10.6 |
| As % of net sales | 15.7 | 11.6 | 9.5 | 8.4 | 6.5 |
| Profit before extraordinary items, after taxes, EUR million | 51.0 | 31.7 | 20.8 | 12.6 | 8.2 |
| Balance sheet total, EUR million | 260.4 | 242.9 | 215.3 | 239.9 | 106.3 |
| Return on investment (ROI), % | 43.7 | 31.8 | 25.6 | 25.0 ^{*)} | 18.1 |
| Return on shareholders' equity (ROE), % | 32.4 | 22.3 | 17.0 | 21.4 ^{*)} | 16.3 |
| From the balance sheet | | | | | |
| Gearing, % | -12.0 | -23.1 | -17.6 | -27.6 | -16.5 |
| Interest-bearing net debt, EUR million | -20.6 | -36.1 | -24.2 | -32.9 | -15.4 |
| Equity ratio, % | 62.4 | 63.2 | 61.3 | 47.4 | 53.8 |
| Quick ratio | 1.29 | 1.42 | 1.31 | 1.04 | 1.67 |
| Investments | | | | | |
| Land and buildings, EUR million | 19.0 | 17.0 | - | 0.1 | - |
| Data processing equipment, EUR million | 15.1 | 19.2 | 11.7 | 6.9 | 6.7 |
| Other investments, EUR million | 21.1 | 19.2 | 19.9 | 117.6 | 7.3 |
| Total investments, EUR million | 55.1 | 55.4 | 31.5 | 124.6 | 14.0 |
| As % of net sales | 11.7 | 13.5 | 9.1 | 64.5 | 8.5 |
| Personnel | | | | | |
| Average during the financial year | 4,868 | 4,221 | 3,577 | 1,996 | 1,740 |
| On 31 December 1998 | 5,064 | 4,332 | 3,976 | 3,305 | 1,740 |

*) Key ratios calculated without the effect of Unic group and VTKK group.

KEY FIGURES BY QUARTER

| In euro | 1998 | 1998 | 1998 | 1998 | 1998 | 1997 | 1997 | 1997 | 1997 | 1997 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 1-3 | 4-6 | 7-9 | 10-12 | 1-12 | 1-3 | 4-6 | 7-9 | 10-12 | 1-12 |
| Net sales, EUR million | 113.7 | 115.5 | 109.2 | 134.7 | 473.1 | 100.0 | 102.6 | 93.2 | 113.4 | 409.2 |
| Operating profit, EUR million | 14.9 | 15.5 | 19.5 | 21.1 | 70.9 | 9.5 | 10.3 | 10.9 | 15.5 | 46.2 |
| Net financial items, EUR million | 0.5 | 0.2 | 0.2 | 0.2 | 1.0 | 0.7 | 0.2 | 0.1 | 0.3 | 1.2 |
| Profit before extraordinary items, EUR million | 15.3 | 15.7 | 19.7 | 21.2 | 71.9 | 10.2 | 10.5 | 11.0 | 15.7 | 47.4 |
| Earnings per share, EUR | 0.21 | 0.21 | 0.26 | 0.29 | 0.97 | 0.12 | 0.14 | 0.16 | 0.19 | 0.60 |
| Earnings (excl. goodwill amortization) per share, EUR | 0.23 | 0.24 | 0.29 | 0.32 | 1.07 | 0.15 | 0.16 | 0.18 | 0.21 | 0.70 |
| Equity per share, EUR | 2.81 | 3.02 | 2.95 | 3.10 | 3.10 | 2.41 | 2.54 | 2.70 | 2.90 | 2.90 |
| Return on equity (ROE), % | 7.3 | 7.2 | 8.9 | 9.5 | 32.4 | 5.2 | 5.1 | 6.1 | 6.6 | 22.3 |
| Return on investment (ROI), % | 9.7 | 9.8 | 12.1 | 13.0 | 43.7 | 7.4 | 7.5 | 7.3 | 10.1 | 31.8 |
| Equity ratio, % | 61.5 | 65.1 | 64.8 | 62.4 | 62.4 | 58.6 | 60.6 | 63.9 | 63 | 63.2 |
| Interest-bearing net debt, EUR million | -32.7 | -27.0 | -10.7 | -20.6 | -20.6 | -21.1 | -17.1 | -22.0 | -36.1 | -36.1 |
| Gearing, % | -19.2 | -15.4 | -4.6 | -12.0 | -12.0 | -13.4 | -9.0 | -12.7 | -23.1 | -23.1 |
| Investments, EUR million | 10.6 | 15.6 | 11.6 | 17.3 | 55.1 | 11.0 | 27.7 | 4.9 | 4.9 | 55.4 |
| Personnel at year end | 4,711 | 4,860 | 4,990 | 5,064 | 5,064 | 4,099 | 4,266 | 4,324 | 4,332 | 4,332 |
| Personnel on average | 4,675 | 4,775 | 4,972 | 5,046 | 4,868 | 4,058 | 4,199 | 4,310 | 4,315 | 4,221 |
| Net sales per employee, EUR 1,000 ^{*)} | 25.8 | 25.7 | 23.4 | 28.4 | 103.3 | 25.7 | 25.5 | 22.5 | 27.4 | 100.9 |
| Personnel expenses per employee, EUR 1,000 ^{*)} | 12.3 | 11.8 | 10.1 | 12.3 | 46.5 | 11.5 | 11.1 | 9.5 | 11.7 | 43.6 |
| Operating profit per employee, EUR 1,000 ^{*)} | 3.4 | 3.5 | 4.2 | 4.4 | 15.5 | 2.4 | 2.6 | 2.6 | 3.7 | 11.4 |

^{*)} Calculated using personnel figures of associated companies under Tieto management in proportion to Tieto's holding in these companies.



SHARE CAPITAL AND SHARES

An extraordinary meeting of Tieto Corporation shareholders on 25 June 1998 decided to launch a bonus issue, to halve the nominal share price, to state the share capital in euro, to abolish the nominal value of the share, and to amend the Articles of Association accordingly. After the bonus issue and halving of the nominal share price the total number of Tieto Corporation shares increased six-fold.

Tieto Corporation's issued and registered share capital on 31 December 1998 totalled FIM 266,707,890 million (53,341,578 shares). The bonus issue, 1993 bond with warrants to company management and the 1996 bond with warrants to company employees raised the share capital by FIM 178,722,290 million. This figure included the exercising of 550,218 bond warrants totalling FIM 2,651,090 million.

Subscriptions based on the warrants attached to the 1996 bond with warrants made between 15 – 31 December 1998 were recorded in the Trade Register on 5 January 1999. After this increase the share capital totalled EUR 45,151,570.96 and the total number of shares was 53,691,810. Based on the warrants attached to the 1996 and 1998 bonds with warrants, the total number of shares may increase further:

- by 885,540 from 1 December 1998
- by 1,755,990 from 1 December 2000, and
- by 1,200,000 from 15 June 2001.

The share capital increases are presented in the table Share Capital Increases 1994 – 1998.

SHARE LISTING

Tieto Corporation shares are listed on the HEX Helsinki Exchanges.

BOARD AUTHORIZATIONS

The Board of Directors has no authorizations to issue shares.

BOARD AUTHORIZATIONS TO PURCHASE OWN SHARES

The Annual General Meeting authorized the Board of Directors to purchase the company's own shares in order to develop Tieto's capital structure and reduce its negative gearing. The authorization permits the Board to purchase an amount of shares whose aggregate nominal value or the number of votes which they carry does not exceed 5 % of Tieto's share capital of the total number of votes. These shares may be purchased using only distributable funds. This authorization is valid until 12 March 1999.

On 26 August 1998 Tieto's Board of Directors decided to start purchasing the company's share to a total value of FIM 200 million. The Board decided to purchase the shares through public trading on the Helsinki Exchanges at the market value of the shares. Shares would not be purchased one week before or after publication of the third-quarter interim report, release of the option rights attached to the 1996 bond with warrants, or publication of the 1998 financial statements. Share purchasing began on 7 September 1998 and by 31 December 1998 1,191,080 shares of nominal value FIM 5,955,400 (2.2 % of the stock and voting rights) had been purchased for FIM 192.5 million. The Board of Directors will propose to the following Annual General Meeting that these shares be annulled.

1996 BOND WITH WARRANTS TO COMPANY EMPLOYEES

The bonus issue and halving of the share price altered the terms of the 1996 bond with warrants to

company employees. In compliance with the terms of the bond, the subscription ratio was amended to keep unchanged the relative number of shares which could be subscribed based on the bond warrants as a proportion of the total share capital. Each option right entitles its holder to subscribe for six Tieto shares for FIM 27.17 per share.

FIM 5,921,300.00 of the bond remains outstanding. Altogether 3,511,980 shares may be subscribed based on the warrants. Of this total the number of unsubscribed shares amounts to 2,641,530. The subscription period is 1 December 1998- 31 December 2002, nevertheless such that half of the shares may not be subscribed until 1 December 2000.

Subscription of shares based on the A warrants (totalling 292,665) began on 1 December 1998. By 31 December 1998, 145,075 warrants had been exercised to subscribe for 870,450 shares. These shares carry dividend rights for 1998.

1998 BOND WITH WARRANTS TO COMPANY EMPLOYEES

The Annual General Meeting on 12 March 1998 decided to offer bonds with warrants not exceeding FIM 2 million to all Tieto Corporation employees. This bond was subscribed by 50.9 % of Tieto's personnel.

The bond has a maturity of 3 years and carries 4 % interest. 20,000 bond certificates were issued, each with a nominal value of FIM 100 and carrying 10 warrants. Each warrant entitles its holder to subscribe for 6 Tieto Corporation shares for FIM 175.17 per share between 15 June 2001 and 31 May 2004. Hence, altogether 1,200,000 new shares may be subscribed. These shares carry dividend rights for the financial period during which the shares were subscribed.

These bonds with warrants form part of Tieto's personnel incentive scheme which aims to ensure that employees may also benefit from the company's success as shareholders through an increase in corporate value.

SHAREHOLDERS

There were 4,671 shareholders on 1 February 1999, compared to 2,615 one year before. Nominee-registered and foreign shareholders amounted to 45.3 % (47.9 %).

The Board of Directors, President and Executive Vice Presidents owned a total of 0.06 % of the share capital and number of votes. Based on the bonds with warrants, they can increase their aggregate holding to 0.55 % of the shares. The President owns 18,000 Tieto shares. The 1996 bond with warrants entitle him to subscribe for a further 120,000 shares.

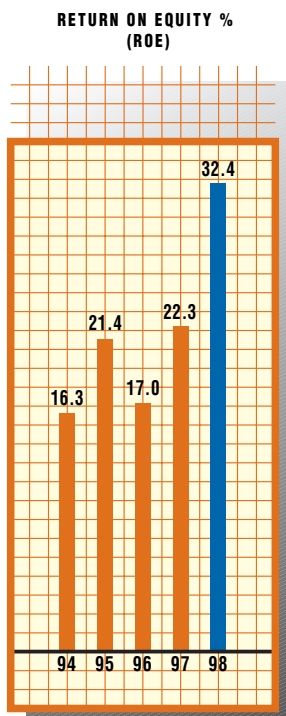
SHARE PRICE DEVELOPMENT AND TRADING

The Tieto share rose 122.2 % during 1998 compared to an increase of 68.5 % for the the HEX index of the Helsinki Exchanges.

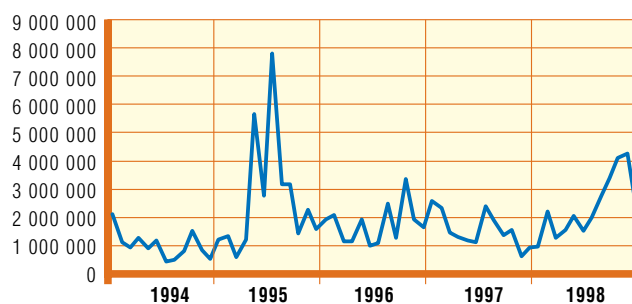
The share price of the Tieto share on the last day of the year was FIM 227. The highest quoted price was FIM 229 and the lowest was FIM 99. The average share price was FIM 165.

Altogether 26,402,953 Tieto shares were traded on the Helsinki Exchanges during the year, representing turnover of FIM 4,355.7 million. The Tieto share was the eighth most traded on the Helsinki Exchanges during the year.

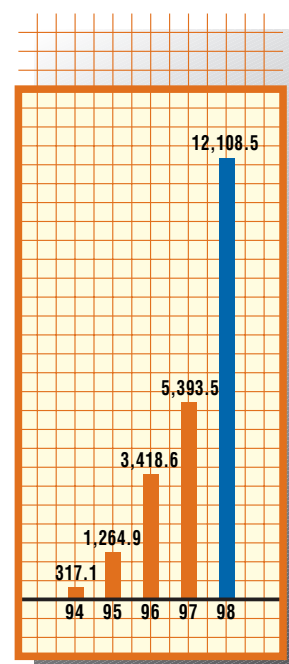
At the end of the financial period the market capitalization of the share capital was FIM 12,108.5 million.



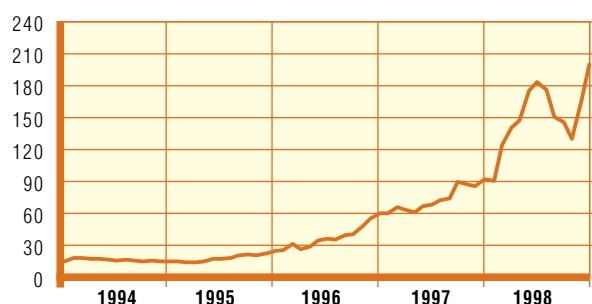
DEVELOPMENT OF TOTAL TURNOVER 1994 - 1998



MARKET CAPITALIZATION, FIM MILLION



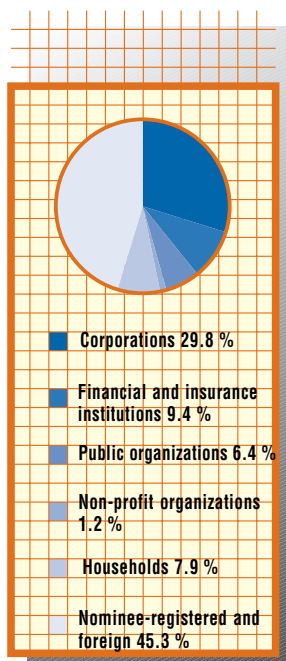
SHARE PRICE DEVELOPMENT 1992-1998, FIM



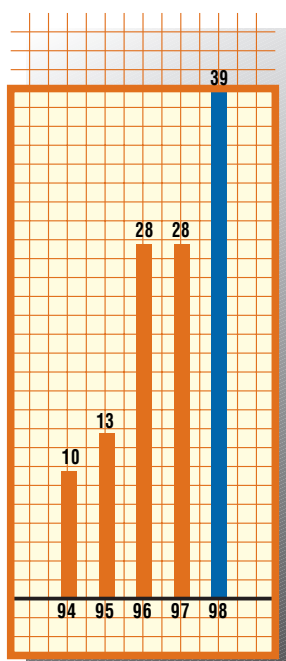
INCREASES IN SHARE CAPITAL 1994 - 1998

| | Subscription/conversion price ratio and price, adjusted (nominal) | Subscription period | Increase in share capital, FIM | New share capital, FIM | Right to dividend | New shares (adjusted) |
|--|---|--------------------------|--------------------------------|------------------------|-----------------------|---------------------------|
| Privileged convertible bond 1989 – 1995, personnel | 6.80 (40.80) B | 1 Feb.-30 Nov. 1994 | 855,500 | 63,175,000 | financial period 1995 | 513,300 (85,550) B |
| Privileged convertible bond 1989 – 1995, personnel | 6.80 (40.80) | 1 Feb.-30 Nov. 1995 | 60,600 | 63,235,600 | financial period 1996 | 36,360 (6,060) |
| Privileged new issue 1995, the Finnish State | 20.83 (125.00) | 29 Dec. 1995 | 24,000,000 | 87,235,600 | financial period 1996 | 14,400,000 (2,400,000) |
| Privileged bond with warrants 1993 – 1998, management | 7.02 (42.10) | 1 Feb.-30 Nov. 1996 | 670,000 | 87,905,600 | financial period 1996 | 402,000 (67,000) |
| Privileged bond with warrants 1993 – 1998, management | 7.02 (42.10) | 1 Feb.-30 Nov. 1997 | 80,000 | 87,985,600 | financial period 1997 | 48,000 (8,000) |
| Bond with warrants 1993 – 1998, management | 7.02 (42.10) | 1 Feb.-31 May 1998 | 50,000 | 88,035,600 | financial period 1998 | 30,000 (5,000) |
| Bonus issue and halving of the share's nominal price | (2 for 1) | | 176,071,200 | 264,106,800 | financial period 1998 | 44,017,800 |
| Privileged bond with warrants 1996 – 2002, personnel, Option A | 27.17 | 1 Dec. 1998-31 Jan. 2002 | 837,990 | 264,944,790 | financial period 1998 | 167,598 |
| Privileged bond with warrants 1996 – 2002, personnel, Option A | 27.17 | 1 Dec. 1998-31 Jan. 2002 | 1,418,400 | 266,363,190 | financial period 1998 | 283,680 |
| Privileged bond with warrants 1996 – 2002, personnel, Option A | 27.17 | 1 Dec. 1998-31 Jan. 2002 | 344,700 | 266,707,890 | financial period 1998 | 68,940 |
| Privileged bond with warrants 1996 – 2002, personnel, Option A | 27.17 | 1 Dec. 1998-31 Jan. 2002 | 1,751,160 | 268,459,050 | financial period 1998 | 350,232 |

**OWNERSHIP STRUCTURE
1 FEBRUARY 1999**



P/E RATIO



SHAREHOLDERS ON 1 FEBRUARY 1999

| | % of shares |
|--------------------------------------|----------------|
| Corporations | 29.8 |
| Financial and insurance institutions | 9.4 |
| Public organizations | 6.4 |
| Non-profit organizations | 1.2 |
| Households | 7.9 |
| Nominee-registered and foreign | 45.3 |
| Total | 100.0 |

PRINCIPAL SHAREHOLDERS ON 1 FEBRUARY 1999

| | No. | % of shares |
|---|-------------------|----------------|
| Nominee registered | 24,316,422 | 45.3 |
| Sonera Corporation | 14,400,000 | 26.8 |
| Pohjola Group | 2,602,600 | 4.8 |
| Mutual Life Insurance Company Suomi (930,000) | | |
| Pohjola Group Insurance Oyj (585,000) | | |
| General Insurance Company Pohjola (585,000) | | |
| Life Insurance Company Pohjola (502,600) | | |
| Tieto Corporation | 1,191,080 | 2.2 |
| Mutual Pension Insurance Company Ilmarinen | 858,160 | 1.6 |
| The Local Government Pensions Institution | 767,180 | 1.4 |
| PT's pension fund s.r. | 534,000 | 1.0 |
| Mutual Life Insurance Company Tapiola | 528,000 | 1.0 |
| Mutual Enterprise Insurance Fennia | 370,980 | 0.7 |
| Mutual Life Insurance Company Varma-Sampo | 300,600 | 0.6 |
| Mutual Insurance Company Pension Fennia | 226,800 | 0.4 |
| TT Tieto Oy, Employees Pension Fund | 202,340 | 0.4 |
| Tallberg Carl-Johan | 126,000 | 0.2 |
| OP-Delta Trust Fund | 94,500 | 0.2 |
| Aurum Life Insurance Company | 90,120 | 0.2 |
| Finnish Cultural Trust Fund | 90,000 | 0.2 |
| Alfred Berg Finland Trust Fund | 83,280 | 0.2 |
| Others | 6,909,748 | 12.8 |
| Total | 53,691,810 | 100.0 |

OWNERSHIP STRUCTURE ON 1 FEBRUARY 1999

| Number of shares | Shareholders | | Shares | |
|---------------------|--------------|--------------|-------------------|--------------|
| | No. | % | No. | % |
| 1 – 100 | 1,152 | 24.6 | 76,042 | 0.1 |
| 101 – 500 | 1,432 | 30.7 | 382,451 | 0.7 |
| 501 – 1,000 | 760 | 16.3 | 552,100 | 1.0 |
| 1,001 – 5,000 | 1,103 | 23.6 | 2,412,928 | 4.5 |
| 5,001 – 100,000 | 205 | 4.4 | 3,915,514 | 7.3 |
| 100,001 - | 19 | 0.4 | 46,307,815 | 86.3 |
| Pending list | | | 44,960 | 0.1 |
| Total | 4,671 | 100.0 | 53,691,810 | 100.0 |

| | 1998 | 1997 | 1996 | 1995 | 1994 |
|---------------------------------------|-------------|------------|------------|------------|------------|
| Share capital development | | | | | |
| Share capital at year end, FIM | 266,707,890 | 87,985,600 | 87,905,600 | 87,235,600 | 63,175,000 |
| Number of shares | 53,341,578 | 8,798,560 | 8,790,560 | 8,723,560 | 6,317,500 |
| Adjusted number of shares at year end | 53,341,578 | 52,791,360 | 52,743,360 | 52,341,360 | 37,905,000 |
| Adjusted average for the year | 52,568,723 | 52,749,144 | 52,613,526 | 37,986,990 | 37,435,296 |

Per share data

| | | | | | |
|---|-------|-------|-------|-------|------|
| Earnings/share, FIM | 5.76 | 3.58 | 2.31 | 1.91 | 1.25 |
| Earnings (excl. amortization of goodwill) per share, FIM | 6.39 | 4.19 | 2.88 | 2.23 | 1.58 |
| Earnings per share (incl. dilution by bonds with warrants), FIM | 5.48 | | | | |
| Shareholders' equity per share, FIM | 18.42 | 17.26 | 14.51 | 12.75 | 8.31 |

Share price development and trading

| | | | | | |
|---|------------|------------|------------|-----------------------|-----------|
| Highest price (adjusted), FIM | 229.0 | 111.67 | 64.82 | 24.67 | 17.50 |
| Lowest price (adjusted), FIM | 99.0 | 61.67 | 24.17 | 10.83 | 11.67 |
| Average price (adjusted), FIM | 164.97 | 78.15 | 38.73 | 16.53 | 14.03 |
| Turnover, No. | | 2,712,073 | 3,161,283 | 5,008,509 | 1,453,706 |
| Turnover of new share, No. | | | | 2,820 | 75,550 |
| Turnover (adjusted), No. | 26,402,953 | 16,272,438 | 18,967,698 | 30,051,054 | 8,722,236 |
| Turnover (adjusted) of new share, No. | | | | 16,920 | 453,300 |
| Market capitalization, FIM million | 12,108.5 | 5,393.5 | 3,418.6 | 1,264.9 ¹⁾ | 317.1 |
| Market capitalization of new share, FIM million | | | | | 6.0 |

¹⁾ The unlisted new shares at the year end (2,406,060 shares) are included at the quoted share price.

Dividend

| | | | | | |
|--------------------------|-----------------------|--------|--------|--------|--------|
| Dividend paid, FIM 1,000 | 152,252 ¹⁾ | 94,321 | 49,227 | 24,638 | 16,203 |
| Nominal dividend, FIM | 2.90 | 10.72 | 5.60 | 3.90 | 2.60 |
| Adjusted dividend, FIM | 2.90 | 1.79 | 0.93 | 0.65 | 0.43 |
| Payout ratio, % | 50.4 | 50.0 | 40.4 | 34.1 | 34.7 |

¹⁾ Proposal of the Board of Directors

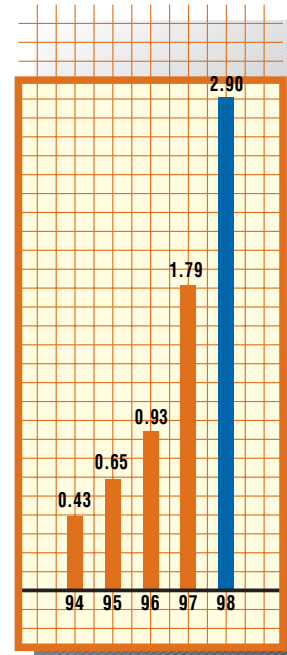
Share price weighted ratios

| | | | | | |
|----------------------------|-----|-----|-----|-----|-----|
| Price/earnings ratio (P/E) | 39 | 28 | 28 | 13 | 10 |
| Dividend yield, % | 1.3 | 1.8 | 1.4 | 2.7 | 3.6 |

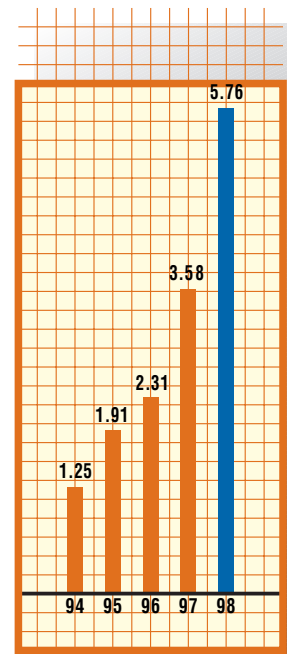
The effect of the 1998 share split are included in the adjusted figures where applicable.

The shares repurchased by the company (1,191,080 shares) are taken into account as a deduction when calculating the adjusted average share price for the year. The Board of Directors will propose to the Annual General Meeting that these shares be annulled.

DIVIDEND/SHARE, FIM



EARNINGS/SHARE, FIM



PROPOSAL OF THE BOARD OF DIRECTORS

| | FIM | EUR |
|--|----------------|---------------|
| The Group's retained earnings from previous financial years total | 139,250,000.00 | 23,420,000.00 |
| The profit for the financial year totals | 317,608,000.00 | 53,418,000.00 |
| - including items transferred from appropriations to shareholders' equity in accordance with the Accounting Act, totalling | -24,667,000.00 | -4,149,000.00 |
| <hr/> | | |
| Distributable funds | 432,191,000.00 | 72,689,000.00 |
| Distributable funds in the parent company | 340,205,571.35 | 57,218,469.62 |

The Board of Directors proposes that the distributable funds mentioned above be used as follows:

| | | |
|---|----------------|---------------|
| - a dividend of FIM 2.90/EUR 0.49 per share be paid to shareholders | 152,252,117.00 | 25,606,967.86 |
| - the remainder be carried forward | 187,953,454.35 | 31,611,501.76 |

Espoo, February 11, 1999

Pekka Vennamo

Jorma Hämäläinen

Marita Kaatrala-Pentikäinen

Asmo Kalpala

Kalevi Kontinen

Kaj-Erik Relander

Eeva Luoto

Matti Lehti
President and CEO

TO THE SHAREHOLDERS OF TIETO CORPORATION

We have audited the accounting, the financial statements and the corporate governance of Tieto Corporation for the financial year 1998. 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 Managing Director. Based on our audit we express our 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 Board of Directors and the Managing Director have legally complied with the rules of the Companies' Act.

In our opinion the financial statements, which disclose a net income in the consolidated income statement of 317.608 thousand FIM, 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 the consolidated and parent company's result of operations and financial position. The financial statements with the consolidated financial statements can be adopted and the members of the Board of Directors and the Managing Director 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 the distributable equity is in compliance with the Companies' Act.

In our opinion the interim reports published during the financial year have been prepared in accordance with applicable regulations.

Espoo, February 11, 1999

TILINTARKASTAJIEN OY - ERNST & YOUNG
Authorized Public Accountant Firm

Sven-Erik Guarnieri
Authorized Public Accountant

Tomi Englund
Authorized Public Accountant

TASKS AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND CHAIRMAN

The tasks and responsibilities of the Annual General Meeting, the Board of Directors and the President are stipulated by the Companies Act. No special tasks have been assigned in addition to the tasks required by law.

Of the members of the Board of Directors, Mr Matti Lehti is the President and CEO of the company.

The tasks and responsibilities of the Board members conform to the relevant legislation and are not confirmed separately.

ELECTION OF THE BOARD AND PRESIDENT

The Board of Directors is elected by the Annual General Meeting. Board members are elected for a period of one year from the meeting.

The President is appointed by the Board of Directors.

NUMBER OF BOARD MEETINGS

The Board of Directors convened 20 times during the year.

MANAGEMENT REMUNERATION AND OTHER BENEFITS

The remuneration of the members of the Board of Directors is decided by the Annual General Meeting. The salary, fees and other benefits received by the President are decided by the Board of Directors.

No remuneration is paid to the President or the personnel's representative for membership of the Board of Directors.

Members of the Board of Directors may be paid separate fees, in addition to their Board fees, for separate consultancy assignments.

The salaries, fees and benefits paid to the members of the Board of Directors, the President and the Executive Vice Presidents totaled FIM 3,850,000 in 1998. Members of the Board were also paid consultancy fees.

The profit-related bonuses paid to the President and the Executive Vice Presidents and their pension commitments are shown under Note 3 in the Notes to the Financial Statements.

The President's holdings in the company are shown under Shares and Shareholders.

Pekka Vennamo

born 1944, MSc (Eng. 1st part)

Member since 1997

Sonera Corporation, President and CEO, 1998-1999

Telecom Finland Ltd, Chairman of the Board of Directors, 1994 - 1998

PT Finland Ltd, President and CEO, 1994 - 1998

Post and Telecommunications, Director General, 1989 - 1993

Minister of Transport and Telecommunications, 1987 - 1989

Minister at the Ministry of Finance, 1983 -1987

Confederation of Finnish Industry and Employers,

Member of the Board

Jorma Hämäläinen

born 1937, MSc

Suomi Mutual Life Assurance Company,

President Member since 1995

The Pohjola Group,

Senior Vice President - Life Assurance, 1989 - 1997

The Pohjola Group,

Director – Life Assurance, 1980 - 1989

WSOY, Member of the Supervisory Board

Employees' Group Life Assurance Pool,

Chairman of the Board of Directors

Suomi Mutual Life Assurance Company,

Member of the Board of Directors

Marita Kaatrala-Pentikäinen

born 1943, MSc

Kaatrala-Consulting Oy,

Managing Director Member since 1990

TT-Innovation Oy, Managing Director, 1984 - 1990

Mec-Rastor Oy, Senior Consultant, 1976 - 1984

SFK Finance, Telecomia Venture I Fund,

Member of the Investment Board

Asmo Kalpala

born 1950, MSc (Econ.)

Tapiola Insurance Group, Chairman and President

Member since 1996

Tapiola Insurance Group, Chairman of the Board

Tapiola Mutual Pension Insurance Company,

Managing Director, 1987 - 1997

Tapiola Mutual Life Assurance Company,

Managing Director, 1987 - 1994

Tapiola General Mutual Insurance Company,

Managing Director, 1987 - 1994 Metsä-Serla Oy,

Senior Vice President - Financial Management, 1987 Metsä Group,

Director - Financial Management, 1984 - 1986

Tapiola Insurance Group, Director - Credits, 1983 - 1984

Federation of Finnish Insurance Companies,

Deputy Chairman of the Board Metsä-Serla Group,

Member of the Board YIT Corporation,

Chairman of the Supervisory Board

▶ BOARD OF DIRECTORS



Pekka Vennamo



Jorma Hämäläinen



Marita Kaatrala-Pentikäinen



Asmo Kalpala



Kalevi Kontinen



Kaj-Erik Relander



Eeva Luoto



Matti Lehti

Kalevi Kontinen

born 1941, DEng.

MeritaNordbanken, Executive Vice President and
Member of the Group Executive Board
Member since 1990

Merita Bank Ltd, Member of the Board of Directors
UBF Ltd, Member of the Board of Directors, 1984 - 1995
Kontinen Consulting, independent consultant, 1981 - 1984
Tietotehdas Oy, Deputy Managing Director, 1980 - 1981
University of Helsinki, Docent of Data Processing,
1974 - 1983

Oy Datatie Ab, Member of the Supervisory Board
HEX Oy, Deputy Chairman of the Board of Directors

Kaj-Erik Relander

born 1962, MSc (Econ.), MBA

Sonera Corporation, Executive Vice President
Member since 1998

SITRA, The Finnish National Fund for Research and Development,
Director of Business Development, 1989 - 1994

SITRA, Project Manager, 1988 - 1989

SITRA, Venture Capital Industry Analyst, 1987 - 1988

Helsinki School of Economics and Business Administration,
Student Economic Committee,

Member of the Board Helmet Capital Fund Management Oy,
Member of the Board of Directors

Oy Maxrona Ab, Member of the Board of Directors

Eeva Luoto

born 1947, Diploma of Business Studies

Tieto Corporation, Government Services, Secretary

Personnel representative since 1998

Various office and organizational posts

Chairperson, Tieto's trade union TTAY ry

Matti Lehti

born 1947, PhD (Econ.)

Tieto Corporation, President and CEO

Member since 1988

Rautakirja Oy, Deputy Managing Director, 1986 - 1989

Rautakirja Oy, Manager of the Wholesale Group and Deputy to
the Managing Director, 1983 - 1985

Rautakirja Oy, Manager of the Wholesale Group, 1981 - 1982

Oy Mec-Rastor Ab, Manager - Business Development Group,
1980 - 1981

Jaakko Pöyry Group, Member of the Board of Directors

Patria Industries Oy, Member of the Board of Directors

Helsinki School of Economics and Business Administration,
Vice Chairman of the Board of Directors

Setec Oy, Member of the Board of Directors

Foundation for Economic Education,
Member of the Board of Directors

Employers' Confederation of Service Industries,
Member of the Board of Directors

Employers' Confederation of Service Industries,
Member of the Board of Directors

Member of the Board of Directors

Divisions and
Business Units

► PROCESSING AND
NETWORK SERVICES

Juhani Lano
Executive Vice President

Business Control
Pirkko Anttilainen

Personnel and personal growth
Jaana Utti

Customized Services
Pekka Hirvonen

Forest Industry
Pekka Liutu

Base Industry
Seppo Mellas

Energy
Harri Pajunen

Post and Telecom
Tapani Kuusela

Trade and Services
Heikki Mikonmäki

Public Administration
Jarmo Hyyryläinen

Finance
Juhani Soininen

Centralized Services
Sakari Lehtola

Competence Centres
Veli Pirttiaho

New Ventures
Juhani Strömberg

International Operations
Leo Höykinpuro

► FINANCIAL SYSTEMS

Veli Pohjolainen
Executive Vice President

Finance
Seppo Haapalainen

Business Support
Hannele Mäenpää

Technology
Pentti Unkuri

Fidenta Oy
Ulla-Maija Keränen

Tietoleonia Oy
Anja Ahola

TKP Tieto Oy
Juhani Karjasilta

Entra Data AB
Ulf Tangen

**Tieto Entra Oy
(Banking and Insurance)**
Jukka Rosenberg

International Operations:

Baltics and Russia
Jaakko Parkkinen

Tieto Konts SIA
Maris Ozolins

► SERVICES

Esko Mäkinen

Finance and Administration
Timo Salmela

Energy and Tele
Ari Vanhanen

Retail and Wholesale
Timo Puranen

Services and Transportation
Timo Hammar

Post
Ari Karppinen

Telecom
Timo Cavén

Oy EDI Management Finland Ltd
Seppo Auvinen

Tieto Innovation Oy
Kari Hakola

International
Antti Virta

► GROUP ORGANIZATION

President and CEO
Matti Lehti

Financial Administration
Tuija Soanjärvi

Personnel Administration
Juhani Virtanen

Development
Arto Sahla

Technology
Ari Hirvonen

Internal Audit
Leena Helenius

Legal Matters
Jouko Lonka

Communications
Eevariitta Jurvainen

► AUDITORS

Authorized Public Accountants
Tilintarkastajien Oy
- Ernst & Young

Tomi Englund,
MSc(Econ), LL.M, APA

Deputies
Risto Järvinen,
Lic.Econ., APA

Kristian Hallbäck,
MSc(Econ), APA

► MANAGEMENT GROUP

Pentti Heikkinen

Pentti Huusko

Juhani Lano

Matti Lehti

Esko Mäkinen

Hannu Niilo-Rämä

Veli Pohjolainen

Arto Sahla

Tuija Soanjärvi

Juhani Virtanen

▶ PUBLIC ADMINISTRATION

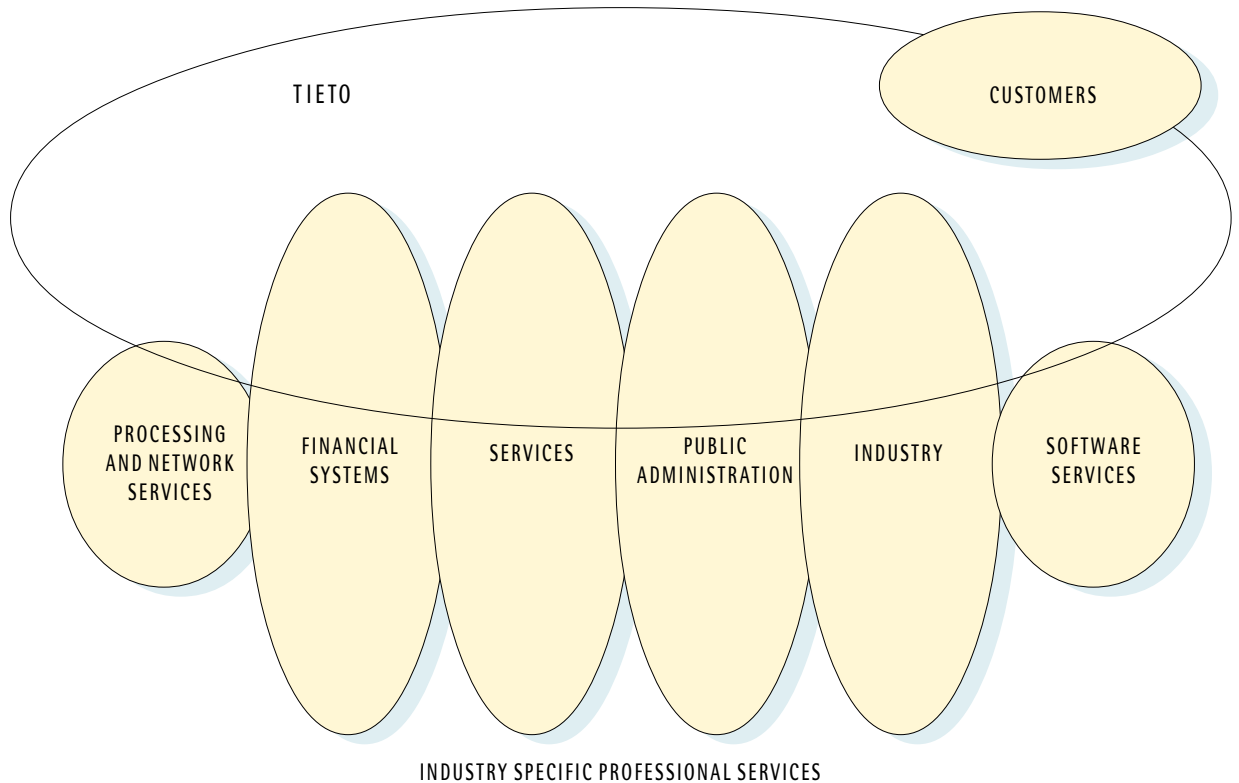
- Pentti Heikkinen**
- Business Administration**
Erkki Nieminen
- Government Service**
Olavi Kujala
- Tietokarhu Oy**
Anja Vainio
- Regional Government Service**
Juhani Kaisanlahti
- Information Service**
Ulla Lehtiniemi
- Public International**
Eeva-Liisa Mauno

▶ INDUSTRY

- Pentti Huusko**
- Finance**
Jaana Vuorinen
- Administration and Development**
Risto Fagerholm
- Enterprise Solutions**
Rolf Lindén
- Forest**
Hannu Vähäsaari
- Industria**
Harri Ovaska
- International Operations**
Heimo Kontula
- Consulting**
Timo Salin
- Resource Planning Systems**
Sakari Ruotsalainen

▶ SOFTWARE SERVICES

- Hannu Niilo-Rämä**
- Controller**
Monica Ek-Lindblom
- International Product Development**
Carl-Johan Lindfors
- International Business Development**
Jørgen Bojsen
- Financial Management**
Tero Ansio (Finland)
Urban Deljerud (Sweden)
Stein Raestad (Norway)
- Payroll and HRM**
Pertti Kettunen (Finland)
Urban Deljerud (Sweden)
Tore Berg ja Stein Raestad (Norway)
Peter Heilmann (Denmark)
- Technology Products and Consulting**
Jari Valvisto (Finland)
Jouko Kangas (Sweden)
Michael Wittwer (Norway)
Peter Heilmann (Denmark)



ANALYSTS FOLLOWING TIETO

Alfred Berg/Albert Häggström

tel. +358 9 22832738, e-mail albert.haeggstrom@alfredberg.fi

Carnegie/Visa Manninen

tel. +358 9 618 71232, e-mail visman@carnegie.se

Cheuvreux de Virieu/Sasu Ristimäki

tel. +358 9 6969 2960, e-mail sasur@cdv.se

Cheuvreux de Virieu/Tommy Wikström

tel. +46 8 723 5175, e-mail tommyw@cdv.se

Goldman Sachs/Richard Kramer

tel. +44 171 7741695, e-mail richard.kramer@gs.com

Gudme Raaschou/Lars Hougaard

tel. +45 33 489086, e-mail L.hougaard@gudme-bank.dk

Handelsbanken/Ilkka Salonen

tel. +358-01-444 2337, e-mail ilkka.salonen@handelsbanken.fi or

ilsa01@handelsbanken.se

HSBC James Capel/Viking Kjellström

tel. +46 8 454 5521, e-mail viking.kjellstrom@hsbcib.com

Leonia/Petri Korpineva

tel. +358 9 0204252981, e-mail petri.korpineva@leonia.fi

MeritaNordbanken/Mika Paloranta

tel. +358 9 123 40317, e-mail

mika.paloranta@merinet.merita.mailnet.fi or

mika.paloranta@merita.mailnet.fi

Merrill Lynch/Andreas Tholstrup

tel. +44 171 772 2485, e-mail andreas_tholstrup@ml.com

Warburg Dillon Read/Mårten Vading

tel. +46 8 453 7328, e-mail marten.vading@wdr.com

LOCATIONS



CONTACTS

• FINLAND

Tieto Corporation

Group functions
Kutojantie 10
P.O. Box 33
FIN-02631 ESPOO
tel. +358 9 862 6000
f. +358 9 862 63091

PROCESSING AND NETWORK SERVICES

Directors and administration,
Customised Services,
Centralised Services
International Operations,
Competence Centres,
New Ventures

Kaupintie 5
P.O. Box 38, FIN-00441
HELSINKI
tel. +358 9 862 6000
f. +358 9 862 61900

Kaupintie 3 E
P.O. Box 8
FIN-00441 HELSINKI
tel. +358 9 862 6000
f. +358 9 862 62715

FINANCIAL SYSTEMS

Nihtisillantie 3
P.O. Box 24
FIN-02631 ESPOO
tel. +358 9 82 820
f. +358 9 523 133

Fidenta Oy

Nihtisillantie 3
P.O. Box 24
FIN-02631 ESPOO
tel. +358 9 82 820
f. +358 9 523 133

Tieto Entra Oy

Kutojantie 10
P.O. Box 33
FIN-02631 ESPOO
tel. +358 9 862 6000
f. +358 9 862 63085, 862 63027

Tietoleonia Oy

Tuomarilantie 19
FIN-02760 ESPOO
tel. +358 9 859 500
f. +358 9 85950 213

TKP Tieto Oy

Kirjurinkatu 3
FIN-00520 HELSINKI
tel. +358 9 15141
f. +358 9 148 1162

SERVICES

**Energy and tele, International,
Retail and Wholesale, Services
and Transportation, Post**

Kutojantie 6-8
P.O. Box 156
FIN-02631 ESPOO
tel. +358 9 862 6000
f. +358 9 826 60420

Telecom

Kumpulantie 11
P.O. Box 156
FIN-00521 HELSINKI
tel. +358 9 613 901
f. +358 9 6139 3264

Oy EDI Management Finland Ltd

Kutojantie 6-8
P.O. Box 156
FIN-02631 ESPOO
tel. +358 9 862 6000
f. +358 9 8626 0300

Tieto Innovation Oy

Kutojantie 6-8
P.O. Box 156
FIN-02631 ESPOO
tel. +358 9 862 6000
f. +358 9 8626 0350

PUBLIC ADMINISTRATION

Regional Government Service

Ylistönmäentie 33
P.O. Box 203
FIN-40101 JYVÄSKYLÄ
tel. +358 14 415 7211
f. +358 14 415 7770

Public International

Tietotie 6
P.O. Box 403
FIN-02101 ESPOO
tel. +358 9 862 6000
f. +358 9 8625 3556

Tietopalvelut

Kamreerintie 3 B, Espoontori
P.O. Box 406
FIN-02101 ESPOO
tel. +358 9 862 6000
f. +358 9 8625 3756

Tietokarhu Oy

Hämeentie 33
P.O. Box 107
FIN-00501 HELSINKI
tel. +358 9 549 3651
f. +358 9 549 36520

Valtionpalvelut

Tietotie 6
P.O. Box 403
FIN-02101 ESPOO
tel. +358 9 862 6000
f. +358 9 464 803

INDUSTRY

Metsänneidonkuja 10
FIN-02130 ESPOO
tel. +358 9 3486 4000
f. +358 9 3486 4340

SOFTWARE SERVICES

Tieto Professional Oy
Kalkkipellontie 6
FIN-02600 ESPOO
tel. +358 9 3294 7600
f. +358 9 3294 7695

Tieto Technology Oy

Kalkkipellontie 6
P.O. Box 101
FIN-02601 ESPOO
tel. +358 9 3290 7000
f. +358 9 3290 7002

Tieto Unic Oy

Kalkkipellontie 6
P.O. Box 101
FIN-02601 ESPOO
tel. +358 9 3290 7000
f. +358 9 3290 7002

• SWEDEN

Entra Data AB

Gustavslundsvägen 22, Bromma
Box 126, S-161 26 STOCKHOLM
tel. +46 8 597 90000
f. +46 8 597 90001

Tieto Tradeware AB

Storgatan 8
S-352 31 VÄXJÖ
tel. +46 470 707580
f. +46 470 707599

New Technology Software (NT)

Sveavägen 61, 1 tr
S-113 59 Stockholm
tel. +46 8 32 48 10

Tieto Datema AB

Mariehällsvägen 42
Box 20226
S-16102 BROMMA
tel. +46 8 799 4300
f. +46 8 983 912

Tieto Technology AB & DeTePe Dokumentsystem AB

Stora Wäsby
Box 746
S-19472 UPPLANDS VÄSBY
tel. +46 8 590 95 700
f. +46 8 590 71 730

TimberSoft AB

Klarabergsgatan 37
S-111 21 STOCKHOLM
tel. +46 8 218 070
f. +46 8 218 069

• NORWAY

Tieto Huld & Lillevik AS, Tieto Technology AS

Dronningens gate 8 b
Postboks 333, Sentrum
NO-0101 OSLO
tel. +47 22 347 700
f. +47 22 347 701

AXO System AS

N-Haakon VIII's gt. 7
Box 1844 Lade
NO-7002 TRONDHEIM
tel. +47 73 507 000
f. +47 73 507 005

Huld & Lillevik Kompetanse AS

Storgaten 1
Box 23
NO-2750 GRAN
tel. +47 61 327 520
f. +47 61 331 446

• DENMARK

Tieto Technolgy A/S

Stationsparken 26
DK-2600 GLOSTRUP
tel. +45 43 431 200
f. +45 43 430 866

• LATVIA

Tieto Konts Sia

K. Barona 30
LV-1011 RIGA
LATVIA
tel. +371 728 3689, 728 6660
f. +371 724 3000

• POLAND

Tieto Poland Sp. z o.o.

ul. Kobuza 30
02-841 Warszawa
POLAND
tel. +48 22 643 90 22

• SPAIN

Tieto Iberica S.L.

c/San Vincente 29.2B
28220 MADRID
SPAIN
tel. +34 91 639 8060
f. +34 91 639 8060

• COUNTRY COMPANIES

SIA Tieto

Kalku iela 20
LV-1050 RIGA
tel. +371 750 3215
f. +371 750 3219

Tieto Eesti AS

Pärnu mnt.20-9
EE-10141 TALLINN
tel. +372 6273980
f. +372 2422243

Tieto Eesti AS

Harju tn.6
EE-0001 TALLINN
tel. +372 6 310 680
f. +372 6 310 681

Tieto Norge AS

Dronningens gate 8 b
Postboks 333 Sentrum
N-0101 OSLO
tel. +47 22 347 700
f. +47 22 347 701

Tieto N.V.

Lozenberg 23
B-1930 ZAVENTEM
tel. +32 2 7148 7000
f. +32 2 714 8711

Tieto U.K. Ltd

Berwick House,
8-10 Knoll Rise
ORPINGTON, Kent BR6 OEL
tel. +44 1689 872 010
f. +44 1689 833 780

Tieto France Sarl

Immeuble le Mathis
204 Avenue de Colmar
F-67100 STRASBOURG
tel. +33 38865 7711
f. +33 38865 8889

Tieto GmbH

Neuer Wall 40
5th. floor
D-20354 HAMBURG
tel. +49 40 3680030
f. +49 4036800330

• OTHER ADDRESSES:

CONTACTS OF ALL TIETO
LOCATIONS ARE UPDATED
ON THE WEB PAGES AT
THE ADDRESS:
www.tieto.com



INFORMATION TECHNOLOGY PARTNER
IN A WORLD OF NETWORKS

Tieto Corporation
Kutojantie 10/P.O.Box 33, FIN-02631 ESPOO
tel. +358 9 862 6000, f. +358 9 862 63091
e-mail: first name.family name@tieto.com
www.tieto.com