



ANNUAL REPORT FOR 2001

SanomaWSOY

Contents

2	Key figures
4	Financial review
8	SanomaWSOY in brief
10	Management's review
14	Sanoma
18	Sanoma Magazines
24	SWelcom
28	WSOY
32	Rautakirja
38	Financial risk management and asset management
39	Social and environmental accountability
42	Human resources
44	Corporate governance
46	Board of Directors
48	Management Group
50	The year in focus
52	Investing in SanomaWSOY
53	Contact information

The Report of the Board of Directors, detailed financial statements, and associated material have been published separately. The Financial Statements can be ordered from Investor Relations & Group Communications via email (konsernivistinta@sanomawsoy.fi) or phone, on +358 105 19 5062; and can be consulted at www.sanomawsoy.fi.

Committed to the future

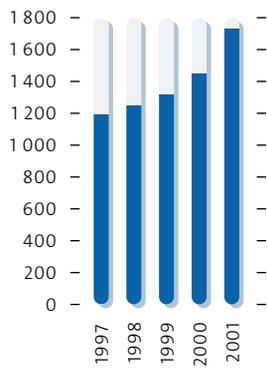
We have a long, rich, and varied history in the media stretching back well over a hundred years. Drawing on this tradition, we want to build an even stronger future, as one of Europe's leading media companies.

We will do this through a balanced portfolio, being a leader in selected markets and business areas, growing our international presence, and focusing on profitability.

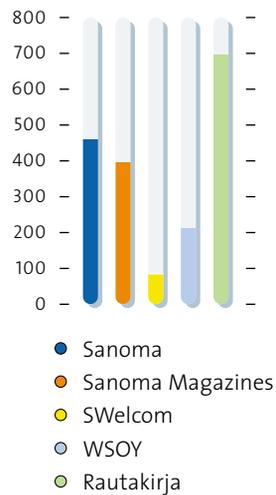
Our vision underpinning this commitment is driven by three values: creativity, reliability, and dynamism. Creativity, we believe, lies at the heart of all successful communications; reliability is essential to winning people's trust and confidence; while dynamism is what drives our success. Together, these values are central to achieving sustainable profitability and growth.

Key figures

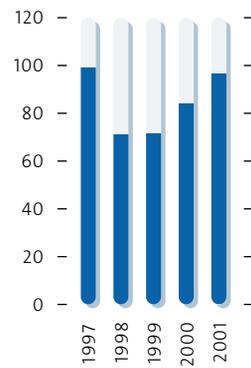
Net sales
€ million



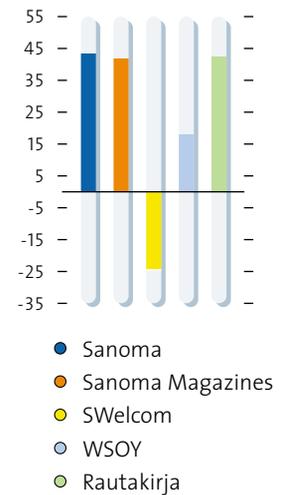
Net sales by division
€ million



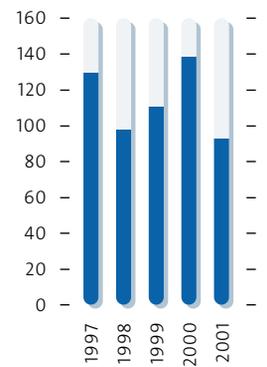
Operating profit
€ million



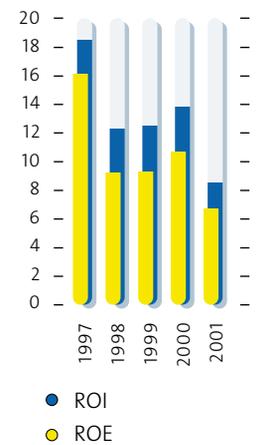
Operating profit by division
€ million



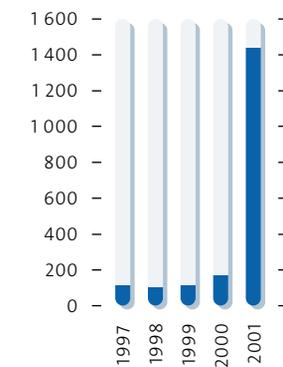
Profit before extraordinary items
€ million



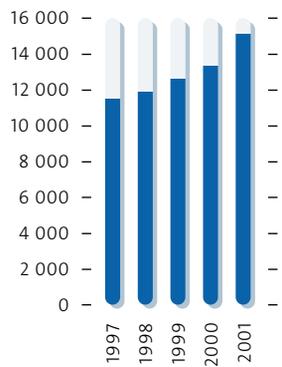
ROI and ROE, %



Interest-bearing liabilities
€ million



Personnel under employment contract, average



KEY INDICATORS, € million	31.12.2001	31.12.2000	31.12.1999	31.12.1998	31.12.1997
Net sales	1 730.0	1 447.8	1 320.6	1 251.7	1 190.3
Operating profit	96.5	84.0	71.7	71.2	99.2
% of net sales	5.6	5.8	5.4	5.7	8.3
Operating profit before goodwill amortisation	130.2	103.1			
% of net sales	7.5	7.1			
Profit before extraordinary items	92.5	138.3	110.4	97.7	129.5
% of net sales	5.3	9.5	8.4	7.8	10.9
Profit after extraordinary items	92.5	140.3	110.7	211.2	164.5
% of net sales	5.3	9.7	8.4	16.9	13.8
Profit for the year	47.8	94.2	74.0	169.0	125.5
% of net sales	2.8	6.5	5.6	13.5	10.5
Balance sheet total	3 053.1	1 439.3	1 323.1	1 239.6	1 088.7
Gross investments	1 473.9	168.4	279.7	148.7	157.3
% of net sales	85.2	11.6	21.2	11.9	13.2
Return on equity, % (ROE)	6.7	10.7	9.3	9.2	16.1
Return on investment, % (ROI)	8.5	13.8	12.5	12.3	18.5
Equity ratio, %	31.6	67.4	70.2	69.5	63.9
Equity ratio, % *)	38.6	67.9	71.0	69.6	63.9
Gearing, %	114.7	-16.0	-23.1	-40.2	-19.0
Gearing, % *)	75.7	-16.6	-24.0	-40.3	-19.0
Financial cost of liabilities	31.3	7.4	8.4	6.5	6.8
Interest-bearing liabilities	1 439.7	167.4	114.4	102.1	111.9
Interest-free liabilities	678.7	336.4	313.3	313.3	314.9
Securities, cash and bank	367.9	316.9	321.2	433.1	237.6
Personnel under employment contract, average	15 129	13 364	12 629	11 900	11 494
Personnel, average (full-time equivalents)	12 077	10 350	9 816	9 329	9 786
SHARE-RELATED INDICATORS AND SHARE CAPITAL	31.12.2001	31.12.2000	31.12.1999	31.12.1998	31.12.1997
Earnings/share, € **)	0.35	0.67	0.53	0.47	0.66
Cash flow/share, € **)	1.26	1.24	0.89		
Equity/share, € **)	5.87	5.95	5.68	5.32	4.25
Dividend/share, € **) ***)	0.51	0.47	0.45		
Dividend/result, % **)	147.5	69.9	84.9		
Market capitalisation, € million	1 510.4	1 964.6	1 767.4		
Effective dividend yield, %, Series A	4.3	3.1	3.5		
Effective dividend yield, %, Series B	4.8	3.4	3.5		
P/E ratio, Series A	34.7	22.6	24.2		
P/E ratio, Series B	31.0	20.8	23.9		
Number of shares at Dec. 31, Series A	23 220 492	23 220 492	6 001 895		
Number of shares at Dec. 31, Series B	122 301 104	122 301 104	30 378 504		
Number of shares at Dec. 31, with diluting effect, Series B	134 871 814				
Average number of shares, Series A	23 220 492	23 220 492	6 001 895		
Average number of shares, Series B	122 301 104	122 301 104	30 378 504		
Average number of shares with diluting effect, Series B	126 502 821				
Lowest share price, Series A **)	10.00	13.00	11.25		
Lowest share price, Series B **)	9.60	12.28	10.50		
Highest share price, Series A **)	16.50	24.37	18.50		
Highest share price, Series B **)	15.00	23.75	17.25		
Average share price, Series A **)	12.48	17.95	16.32		
Average share price, Series B **)	12.02	16.46	13.15		
Share price, Dec. 31, Series A **)	12.00	15.20	12.90		
Share price, Dec. 31, Series B **)	10.70	14.00	12.75		
Trading volume, Series A **)	108 832	263 549	413 056		
% of share capital	0.5	1.1	1.7		
Trading volume, Series B **)	3 625 765	6 209 129	6 439 504		
% of share capital	3.0	5.1	5.3		

*) Capital notes included in equity • **) The figures for 1997-2000 have been converted to take account of the four-for-one split on May 10, 2000.

***) Proposal of the Board of Directors.

Figures for 1997-1999 are pro forma. • The company has two share series, Series A (20 votes) and Series B (1 vote). As of December 31, 2001, SanomaWSOY owned 7,187,276 Series B shares through its subsidiary, Tiikerijakelu Oy.

Financial review

The structure, size, and international dimension of SanomaWSOY's operations changed significantly during 2001, following the Group's acquisition of VNU's consumer magazines business. The Group's magazines division, Sanoma Magazines, is now SanomaWSOY's largest division. The year was also characterised by a slow-down in economic growth and a decline in the advertising market.

Net sales

SanomaWSOY's net sales rose by 19.5%, to EUR 1,730 million (1,447.8 million), mainly driven by the new magazines business that became part of the Group on October 1, 2001. Net sales during the last quarter of the businesses acquired from VNU totalled EUR 228.9 million. Comparable growth totalled 1.1%. All of the Group's divisions recorded higher net sales. The largest growth was seen in SWelcom (8.1%) and Rautakirja (8.0%). WSOY's net sales rose 3.7%, Sanoma Magazines Finland's (prev. Helsinki Media) by 3.4%, and Sanoma's by 0.2%. 79.1% of the Group's net sales originated in Finland, 15.2% in other EU countries, and 5.7% in other countries.

Performance

The Group's operating profit increased by 14.9% to EUR 96.5 million (84.0 million). The Group's comparable operating profit, excluding the businesses acquired from VNU, was 13.8% down on 2000, at EUR 72.4 million. This was influenced by lower advertising revenue at Sanoma and an increased loss at SWelcom. Rautakirja's and Sanoma Magazines Finland's operating profit both improved. WSOY's operating profit came in at the same level as in 2000. The Group's EBITA totalled EUR 130.2 million (EUR 103.1 million).

SanomaWSOY's profit before extraordinary items was 33.1% down on 2000, at EUR 92.5 million (138.3 million), as a result of lower net financial income. The latter was exceptionally high in 2000 as the result of the sale of a large number of technology shares held as part of the asset management portfolio at the beginning of the year. The Group's interest payments also rose significantly during 2001, as a result of loans contracted to fund the purchase of VNU's consumer magazines.

Investments

SanomaWSOY's gross investments totalled EUR 1,473.9 million (168.4 million) in 2001. This sharp increase resulted from the Group's acquisition of VNU's consumer magazines. Other large investments were the increase in ownership in Infosto to 100%, printing plant investments at Sanoma, and the refurbishment of the Ludviginkatu premises in Helsinki.

CIG acquisition and related financing

Under an agreement signed between SanomaWSOY and the Dutch media company, VNU, in July, SanomaWSOY agreed to acquire VNU's Consumer Information Group (CIG) for an enterprise value of EUR 1,250 million. The transaction was closed, as planned, on October 1. The purchase price generated goodwill of EUR 1,168 million.

The acquisition cost, including consulting fees, was EUR 1,251 million, which has yet to be confirmed under the terms of the sale and purchase agreement. Total goodwill was EUR 1,181 million, which will be amortised over 20 years. The acquired companies have been consolidated in SanomaWSOY's figures since the beginning of October, observing the principle of prudence. Various adjustments and balance sheet provisions (incl. write-downs on new media holdings) have been made against the results of these companies prior to the transaction date; these have not yet been accepted by the vendor in their entirety. The principle followed by SanomaWSOY means that the amount of goodwill and annual amortisation could change after the final approval of the sale and purchase agreement.

Following the acquisition, SanomaWSOY created a new magazines division known as Sanoma Magazines, bringing together CIG's businesses and those of Helsinki Media and headquartered in Amsterdam. Theo Bouwman, who had been responsible for CIG on VNU's Executive Board, was appointed President of Sanoma Magazines and Managing Director of the Dutch parent company and a member of SanomaWSOY's Management Group. Eija Ailasmaa was appointed Executive Vice President.

The CIG acquisition was financed by senior bank loans of some EUR 1 billion and a EUR 200 million convertible capital notes issue, which was listed on the Helsinki Exchanges' Main List on September 6, 2001. The issue price was 99% and a fixed annual interest of 5.25% is payable on the notes. The notes can be converted into a maximum of 12,570,710 SanomaWSOY Series B shares.

Balance sheet and financial position

SanomaWSOY's consolidated balance sheet increased to EUR 3,053.1 million (1,439.3 million). The Group's shareholders' equity, excluding capital notes, totalled EUR 812.4 million (822.6 million), or EUR 5.87 (5.95) a share. The Group's equity ratio was 38.6% (67.9%); capital notes had a positive impact of seven percentage points.

SanomaWSOY's financing position changed significantly following the CIG acquisition. The book value of financial assets in the form of securities, cash, and bank totalled

EUR 367.9 million (316.9 million), and their market value EUR 421.8 million (392.8 million). Interest-bearing liabilities increased to EUR 1,439.7 million (167.4 million).

Net financial income in 2001 totalled EUR -4.0 million. Financial revenue totalled EUR 42.9 million, and financial expenses totalled EUR 46.9 million. Financial revenue principally derived from realised capital gains on sales of shares and dividends. Financial expenses were primarily unrealised write-downs on the value of shares (EUR 12.8 million) and increased interest expenses linked to the CIG acquisition (EUR 29.7 million).

Dividend policy

SanomaWSOY pursues an active dividend policy, based on the principle of distributing at least one third of the consolidated profit for the financial year in the form of a dividend.

The dividend payable between 1999 and 2001 is linked to the shareholder agreement made at the time of the merger, under which dividends will be at least EUR 0.88 (0.22 following the four-for-one share split on May 10, 2000), which corresponds to the dividend level offered by WSOY in 1997 increased by 10% annually. In addition, an average of EUR 0.84 per share (0.21 after the split) will be added to this during the years concerned. The Board proposes that a dividend of EUR 0.51 per share, in line with the shareholder agreement, shall be paid for 2001.

Outlook for 2002

Economic growth in EU countries is expected to continue to be quite modest during 2002, despite the increased consumer confidence evident at the end of 2001 and the economic improvement this points to. The December 2001 forecast issued by the Research Institute of the Finnish Economy indicates that overall output within the EU will grow by 1.4% in 2002 and overall output in Finland by 1.9%. Developments on the advertising market remain uncertain, and it is probable that the market will be weaker during the first part of the year than in 2001. An upswing in the advertising market is expected to come only in the autumn.

SanomaWSOY's operating profit and net sales are expected to improve significantly during 2002, as the net sales and operating profit generated by the businesses acquired from VNU will be included for the full year instead of only one quarter as in 2001. The Group's net sales are projected to rise to over EUR 2,400 million. If no unexpected changes take place in the economic situation, operating profit is projected to improve by around a quarter. Comparable net sales and operating profit are also expected to improve somewhat. The various cost-saving measures launched in a number of businesses during 2001 are expected to contribute to this improvement in profitability.

Principal shareholders as of December 31, 2001

SHAREHOLDER	% of shares	% of votes
1 Aatos Erkko, total	29.44	28.29
Aatos Erkko	21.42	21.91
Oy Asipex Ab	8.02	6.38
2 Patricia Seppälä's estate	8.72	9.67
3 Robin Langenskiöld	5.29	4.94
4 Rafaela Seppälä	5.29	4.94
5 Tiikerijakelu Oy (treasure shares)	4.94	1.23
6 Alfred Kordelinin yleinen edistys- ja sivistysrahasto (Fund)	3.45	6.69
7 Helsingin Sanomat Centennial Foundation	3.44	3.82
8 Ilmarinen Mutual Pension Insurance Company	3.08	3.10
9 Sampo Group, total	2.28	1.98
Sampo Life Insurance Company Limited	1.38	1.35
Sampo Enterprise Insurance Company Limited	0.59	0.41
Industrial Insurance Company Ltd	0.31	0.21
10 Pohjola Group, total	2.12	1.58
Pohjola Non-life Insurance Company Ltd	1.25	1.37
Pohjola Group Insurance Company	0.88	0.22
11 Finnish Cultural Foundation	1.70	6.41
12 Foundation for Actors' Old-Age Home	1.52	1.63
13 WSOY Literature Foundation	1.36	4.67
14 Suomi Group, total	1.34	0.33
Suomi Mutual Life Insurance Company	0.65	0.16
Suomi Insurance Company	0.69	0.17
15 Finnish Literature Society	0.96	1.09
16 Päivälehti Archives Foundation	0.70	1.29
17 Lorna Aubouin	0.66	0.45
18 Alex Noyer	0.66	0.45
19 Pension Fund Polaris	0.56	0.14
20 Graphic Industry Research Foundation	0.54	0.71
Total	78.06	83.41
Nominee registrations, total	0.81	0.40

The principal shareholders are grouped according to the direct holdings of individual shareholders and the shares held by their investment companies, and stated as aggregate amounts and separately. The shareholders of companies belonging to the same group are stated both as aggregate amounts and separately.

A list of principal shareholders, updated monthly, can be found at www.sanomawsoy.fi.

Creativity

Going beyond the ordinary and familiar, and realising the potential for something new, are what it means to be truly creative.

En pitänyt sitä välttämättä merkinä Intuhavainnoista. No olivat Carlon kanssa ajaneet edestakaisin pitkän kalsikkoo, dosentti mielestä hyvin pienellä alalla. Carlo oli koko ajan tähytänyt tarkkaavaisesti ruovikkoo, mutta yhtään lintua ei ollut näkynyt. Missä vaiheessa Carlo oli sitten ampunut? Sitä Heikkilä ei oikein tiennyt. Hän oli nukahtanut tuolissaan, kun kyllä haulikonlaukauksiin, mutta torakahtanut uudestaan, kun Carlo oli kertonut, että sordia ei ollut vielä haulikon uutuuvilla. Samassa asannossa nukuessaan dosentti oli alkanut mennä niin umpijään, että ei lopulta sulanut kuin lämpimään kylpyyn upottamalla.

Jossain vaiheessa Carlo oli myös touhunnut köysien ja poljujen kanssa. Jonkin aikaa oli kuljettu tiheässä kalsikkossa ja Carlo oli tuljottanut jotain punaista valoa valahtelevaa laitetta. Dosentti mielestä venje oli muistuttanut pilpparia, hakulaitetta, jollaisia oli kuulemma alkanut ilmestyä yliopistollekin, jopa historiallis-kialittiteolliseen tiedekuntaan. Heikkilä ihmetteli kuinka tekniseksi metsästyks on mennyt. Oliko sorsissa nikkarerkeitä ja niissä hakusingaalaa lähettävää antureita?

Tiesin, että tutkijat kiinnostavat elukoihin radiopantoja ja muita lähittäjiä, mutta Carlo ja Ettore olivat vaikuttaneet varsinaisilla eläintieteilijöillä. Laitte oli itsestään ollut taskunavigaattori, kalakaiku tai kertles popilla oli itselläänkin gps-koputaan kännykällä, vaikka ne olivat olleet tulevinaan minun gps-koputaan kännykäksi. Täytyihän heidänkin jollain lailla pakataa itsensä tiheässä kalsikkossa. Ei siellä kukaan voi liikkua pelkän paikantuntomuksen turvin, vaikka olisi kuinka syntyperäinen veselähtäinen.

Olin tarkkaillut reissun aikana virtauksia ja mutarinta veden lämpötiloja ja suolapitoisuuksia eri koroissa. Tulokset olivat muuten ihmeellisiä. Pintavesi oli hyvin kylmää ja matalan

makuun. Harppauskoivun jalkaan kuulub...
 riomaalisen ja lämpötila oli useita asteen korkeampi. Pinnassa
 oli hyvin kylmä murtovesipata, kun oolyausta, joka ei sekoittu-
 nut atempiin vesikerroksiin. Ilmoitti laiköväni laitea
 Gardajärvelle tutkimaan laguunin...
 alueita. Heikkii loiskausti vettä lattialle. Se nousi ylös kylpyan-
 maasta ja nätkäsi tulevansa mukaan. Käskin doseniin rauhon-
 taa, ei kukaan ollut lähdössä. Gardalla yötä vasten.
 Kylpyvedessä leijui hitusia. Olin yhden sormenpitkän ja
 ymmärsin, että veteen oli jostain syystä jou-

SanomaWSOY – Inspiring people

Sanoma

President, Seppo Kievari

Net sales: € 459.3 million
Operating profit: € 43.3 million

Newspapers
Business information services
Printing

SanomaWSOY

Chairman & CEO, Jaakko Rauramo
President & COO, Hannu Syrjänen

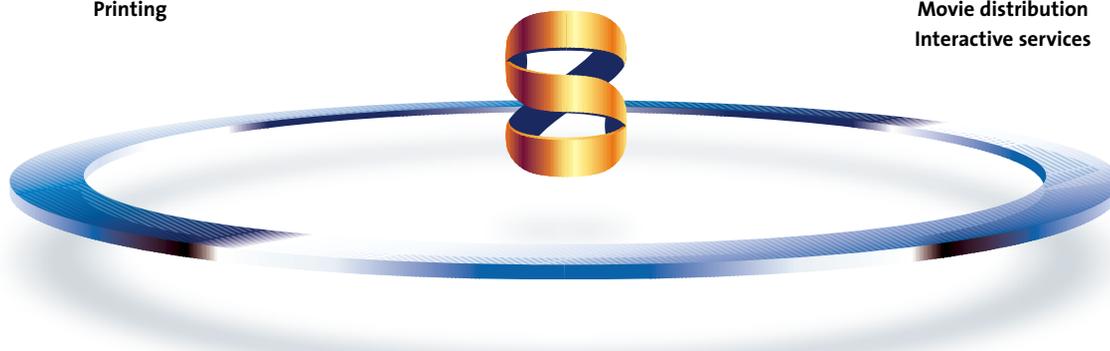
Net sales: € 1 730.0 million
Operating profit: € 96.5 million

Sanoma Magazines

President, Theo Bouwman

Net sales: € 394.3 million
Operating profit: € 41.7 million

Magazines
Magazine distribution
Movie distribution
Interactive services



SWelcom

President, Tapio Kallioja

Net sales: € 84.9 million
Operating loss: € 24.5 million

Television
Broadband and cable TV
Mobile and Internet services
Audiovisual production services

Rautakirja

President, Erkki Järvinen

Net sales: € 696.5 million
Operating profit: € 42.6 million

Kiosks
Press distribution
Bookstores
Cinemas
Restaurants
e-Business

WSOY

President, Jorma Kaimio

Net sales: € 211.0 million
Operating profit: € 18.1 million

Books and electronic publishing
Calendars
Printing

Listed on the Helsinki Exchanges since May 1999, when it was established through a combination merger of a number of long-established companies, SanomaWSOY is the leading media group in Finland and the Nordic region, with a presence in 15 countries. The Group's five divisions cover a broad field, from news and information to books, learning solutions, and entertainment.

Sanoma's two main national newspapers, Helsingin Sanomat and Ilta-Sanomat, are the largest in Finland. The Sanoma Group also publishes Taloussanomat, a business daily; as well as the leading regional and local papers in South-East Finland, through its subsidiary, Kymen Lehtimedia. Infosto publishes Finland's leading free ad publication, Keltainen Pörssi. In addition, Sanoma provides news agency and customised services to corporate customers, and operates a commercial picture agency. Printing plants are based at five locations.

Sanoma Magazines became operational on October 1, 2001, following the merger of the operations of Helsinki Media and VNU's Consumer Information Group. Today, it is the fifth-largest magazine publisher in Europe, and publishes over 270 magazines in 10 countries: Belgium, Britain, Croatia, the Czech Republic, Finland, Hungary, The Netherlands, Romania, Slovakia, and Sweden. In five of these, Sanoma Magazines is the market leader: Belgium, the Czech Republic, Finland, Hungary, and The Netherlands.

SWelcom is responsible for the Group's key electronic media activities and development projects. SWelcom's television operations cover Nelonen and Helsinki Television, a cable TV company and a provider of pay TV and broadband Internet services. A wide range of services and systems for the Internet and mobile, broadband, and digital TV applications are provided by 2ndhead. SWelcom's activities also encompass a range of audiovisual production services.

WSOY is Finland's largest publishing house and the market leader in general literature, educational materials, and a number of specialist publications, such as multi-volume reference works. WSOY is the Nordic region's largest publisher of calendars and largest book printer, and Finland's leading digital printer. WSOY also produces maps and location information-based applications.

Rautakirja's R-kiosks form Finland's leading chain of convenience outlets, while Lehtipiste is the country's leading press distributor. Suomalainen Kirjakauppa operates Finland's largest chain of bookshops, and Finnkino is the Finnish market leader in cinema operations. Restaurants and online betting also feature in the group's portfolio. Rautakirja has successfully expanded its kiosk, press distribution, cinema, and bookshop operations to the Baltic countries. SanomaWSOY owns 57% of Rautakirja, which is listed on the Helsinki Exchanges.

Committed to the future



SanomaWSOY started life as a listed company on May 1, 1999, following the completion of the merger of Sanoma Corporation, Helsinki Media Company, and WSOY. A key commitment of the new group was a strategy focused on growth, international expansion, and internal development. We set ourselves the goal of doubling our net sales by 2005 and increasing the proportion of activities accounted for by international operations to over 20%.

With the acquisition of VNU's Consumer Information Group last July, we achieved our growth target in 2001. Our pro forma net sales virtually doubled, and international operations now account for around 40% of our net sales.

At the same time, SanomaWSOY became the Nordic region's leading and largest media group. The success of the acquisition that made this possible required a major effort lasting for close on a year. The fact that this took place at a time when an economic downturn was gaining momentum increased the challenges facing management and the amount of work needed during the integration process significantly.

Our parallel commitment to internal development work has been reflected in a record investment in training.

Our historic acquisition, valued at some EUR 1.2 billion, has created Sanoma Magazines, Europe's fifth-largest magazine publisher. Sanoma Magazines is the market leader in

The Netherlands, Finland, the Czech Republic, Belgium, and Hungary; and is an active player in Britain, Slovakia, Sweden, Romania, and – most recently – Croatia.

Our larger size and presence on numerous markets across Europe following the acquisition gives SanomaWSOY a completely new springboard for its future development. Our management has gained new people with extensive international experience, and we have added some 3,700 magazine professionals to the overall SanomaWSOY team. Based on these strengths, we have developed a new strategy focused on improving our profitability, growing in areas where we are strong, and strengthening our balance sheet. A central goal of this strategy is to achieve a leading position in selected business areas and markets.

A major shift took place in our operating environment in 2001 when the European economies took a downturn. This made itself felt in advertising sales in particular. TV advertising and newspaper-based job advertising were the hardest hit; the latter is a major contributor to Helsingin Sanomat's bottom line. The impact of the downturn on our new focal area of magazines was less pronounced, as we had predicted it would be when determining our strategic direction. In Finland, the publicly funded Finnish Broadcasting Company moved to take advantage of the situation by launching a burst of powerful growth at the expense of the country's



commercial TV and radio channels, weakened by the softer economy.

The events of September 11 highlighted the importance of the media as a source of information and news at times of crisis. Print proved a good complement to electronic media, which was reflected in higher sales volumes and circulation for many newspapers and magazines. Young people's interest in print media has also risen.

The problems surrounding the development of new media technologies remained with us during 2001. It seems clear, based on last year's experience, that the Internet and mobile world does not yet offer any real business potential for media companies. This could well have a negative impact on Internet-based content development, and could see a strengthening of classic media. The launch of digital TV in Finland proved to be premature, lacking the technical and political solutions needed to make it viable. As a result, digital TV gives every appearance of becoming a problem area for media companies in the same way that the Internet already is, calling for investment funds, but incapable of offering revenue channels to recoup these investments.

From SanomaWSOY's perspective, our newly extended market reach and reoriented business structure offer very interesting growth and development opportunities, both in the fields of classic and new media. This represents a source

of inspiration and a challenge for our entire personnel to further build on our commitment to working creatively, reliably, and dynamically. The integration process that is successfully under way in our new international division is a special challenge. Our very warm thanks go to our new colleagues here for their positive spirit, goal-driven work, and high level of professionalism.

We want to develop the Group on a balanced basis, to ensure that our customers, personnel, owners, and partners – together with society as a whole – benefit from our success.

We would like to thank everyone at SanomaWSOY for their contribution to making the Group as strong and dynamic as it is today, and for enabling us to take a historic step on the European stage. The importance of good customer relationships is only highlighted during economic downturns, and we are proud of, and grateful to, our customers for standing alongside us.

Helsinki, February 27, 2002

Jaakko Rauramo
Chairman & CEO

Hannu Syrjänen
President & COO



Sanoma publishes newspapers and business information in both classic and online formats, and is a major printer. Helsingin Sanomat is the largest daily in the Nordic region, while Ilta-Sanomat is Finland's largest quality

tabloid and the country's second-largest newspaper. Both papers' online editions are among Finland's most-visited Web sites.

- Printing facilities operated by Helsingin Sanomat's Printing Unit are located in Greater Helsinki, Forssa, and Varkaus. Leijonajakelu is responsible for the early morning delivery of newspapers in and around Helsinki and the national morning distribution of Helsingin Sanomat and Taloussanomat.
- Kymen Lehtimedia publishes daily papers, local papers, and free papers in South-East Finland; and provides contract printing services to customers in Finland and Russia.
- Lehtikuva offers a comprehensive range of photographs and images, mainly to customers in the media.
- Infosto is Finland's leading developer of consumer-to-consumer online marketplaces, and publishes three free ad publications, Keltainen Pörssi and Palsta in Finland, and Kuldne Börs in Estonia.
- Startel produces Taloussanomat, a financial paper, together with a range of business information and news agency services. Startel subsidiary Esmerk provides customised news analysis and summary services.

A difficult year highlights the role of the news

Weaker advertising market hits job advertising

The rapid downturn affecting the economy had a clear impact on the development of newspaper advertising in 2001, and job advertising in particular. Following good growth in the early part of the year, media advertising weakened during the rest of the year. Overall, newspaper advertising in Finland declined by 6.6%, and job advertising by 25%.

Sanoma's net sales remained at 2000 levels, and totalled EUR 459.3 million (458.2 million). Growth at Infosto and strong development at Ilta-Sanomat compensated for a decline in advertising sales at Helsingin Sanomat and reduced print exports at Kymen Lehtimedia. Comparable net sales were down 3% on 2000.

Operating profit declined to EUR 43.3 million (55.7 million), despite a number of internal cost-saving measures. In addition to lower advertising sales, operating profit was also impacted adversely by damages of EUR 3 million imposed by the Helsinki District Court, which are being appealed, and a significant increase in newsprint prices and higher depreciation. Pension liabilities have been covered by internal fund transfers totalling EUR 3.7 million. Associate company Rautakirja contributed EUR 7.3 million (6.1 million) to Sanoma's profit.

Investments totalled EUR 76.5 million (70.0 million). The largest single investment was the acquisition of the remainder of Infosto, making the latter a wholly owned subsidiary. Investments also included printing plant investments at Sanomala and IT projects. In February, Lehtikuva acquired a 60% holding in the photo agency, Compad Oy; while in March and August, Sanoma acquired 25.07% of St. Petersburg-based ZAO Smena, publisher of the Smena

newspaper. In October, Infosto acquired Free Ad Production Oy, publisher of the free ad paper, Palsta. In November, Kymen Lehtimedia acquired the remaining 25% of Uutisvuoksi Oy, making the company a wholly owned subsidiary.

In November, Sanoma sold a 7.27% stake in its portfolio of shares in Savon Mediat Oy to KeskiSuomalainen Oyj, reducing Sanoma's holding to 14.46%. A capital gain of EUR 2.9 million from this transaction is included in Sanoma's operating profit.

September 11 makes front-page news in Helsingin Sanomat

Net sales at Helsingin Sanomat declined 7% to EUR 266.4 million, as a result of lower advertising revenue and lower job advertising levels in particular. Circulation revenue, in contrast, rose slightly. While job advertising accounted for 25% of Helsingin Sanomat's advertising revenue in 2000, this was cut to 15% in 2001. Despite the fall in net sales, the paper continued to strengthen its position as Finland's leading media.

A number of cost-savings programmes were launched in response to lower net sales, and these are expected to have a positive impact over the longer term. Over the short term, however, they were unable to prevent the paper's operating profit coming in clearly below the level recorded in 2000.

Helsingin Sanomat's circulation fell by somewhat over 2%, with weekday circulation running at 436,009 and Sunday circulation at 507,011. Circulation regained 2000 levels in October, and began to rise towards the end of the year. The goal in 2002 is to consolidate this positive trend.

The most important news event in 2001 for Helsingin Sanomat – and for the media the world over – was the attack on the World Trade Center in New York on September 11.

Covering the news from the front line

☞ *"I suppose the best thing about my job is that it gives you the opportunity to see major events around the world unfold on the spot. I've been with Helsingin Sanomat's Foreign Desk since 1998, and these have been very good news years. The high point for me personally came in the autumn last year, when a feature story on Afghanistan I was already on the way to do, changing planes at Heathrow, turned into a war assignment. It's great working for a paper with the resources and the commitment to good foreign news coverage that we've got."*

KAIUS NIEMI, JOURNALIST WITH HELSINGIN SANOMAT'S FOREIGN DESK



Reflecting this, the paper's editors were given the go-ahead to break with tradition the following day and replace the advertisements on the front page with news coverage. The paper's online edition registered a peak of 200,000 unique weekly visitors. The coverage given to the events highlighted the continued strength of newspapers, and further reinforced Helsingin Sanomat's position as Finland's number-one print media.

Work on developing Helsingin Sanomat's electronic edition progressed. The paper's online news service celebrated its fifth anniversary, and nyt.fi, an online version of the print paper's Friday supplement, was launched in the autumn. Cost-saving measures saw staff numbers responsible for electronic services reduced by 50% towards the end of the year. In December, a revamped Oikotie online classified advertisements service was launched; the aim is to make Oikotie Finland's leading online service of its type.

Helsingin Sanomat's net sales in 2002 are projected to remain at 2001 levels. Developments in job advertising in the early part of the year in particular will probably continue to be soft. As the overall advertising situation improves, however, advertising sales are expected to return to normal growth patterns. Thanks to cost-saving measures, Helsingin Sanomat's performance is expected to improve clearly.

Printing plant investment on track

Helsingin Sanomat's Printing Unit operated as a separate entity for its first full year in 2001, and recorded net sales of EUR 115.5 million. The postal despatch section of the new print plant project at Sanomala was completed and commissioned. Printing plant modernisation is due to be completed in its entirety in 2003. Overall printing plant investments total some EUR 120 million. These cover an expansion of press capacity at Forssa, extending postal and folder units at Varkaus, and two new printing machines and ancillary equipment at Sanomala, together with an interim postal and insert storage facility, and a new building.

Leijonajakelu recorded net sales of EUR 66.7 million (67.1 million). The company's largest challenges during the year were a new tariff system and restructuring the distribution network in Greater Helsinki. Problems with labour availability were also a challenge.

Celebrating its fiftieth year of operations, Lehtikuva recorded net sales of EUR 7.2 million (6.9 million). In February, the company acquired 60% of Compad Oy, the Finnish market leader in royalty-free images.

A record result at Ilta-Sanomat

Ilta-Sanomat's net sales rose by 12% over 2000, to EUR 75.6 million (67.7 million), despite lower advertising sales resulting from the paper's decision to stop publishing certain types of telephone service advertisements. The paper's other advertising sales remained at 2000 levels, despite the decline affecting the media market overall.

The paper's operating profit improved, as a result of good circulation development, a higher cover price, and improved cost control. Ilta-Sanomat had a 61.7% share of the quality tabloid market.

The news-rich nature of the year was reflected in good demand for Ilta-Sanomat. News stand volumes rose by 2.4%; sales of the weekend edition rose particularly well. The most important content-related developments were the creation of a revamped weekend supplement and the expansion of the paper's sports pages into a separate daily section.

Ilta-Sanomat's net sales in 2002 are projected to grow slightly, and the paper's profitability to continue to improve.

Lower print exports hold back Kymen Lehtimedia

Kymen Lehtimedia's net sales declined to EUR 57.6 million (62.9 million), mainly as a result of a reduction in print exports to Russia following the introduction of significantly lower prices by local Russian printers. Advertising sales remained at 2000 levels. Circulation revenue rose slightly, as a result of higher cover prices. Kymen Lehtimedia's



A revamped Oikotie online classified advertisement service was launched in December. Oikotie aims to become Finland's leading service of its type.

operating profit remained good, although below 2000's, despite the introduction of cost-saving measures.

The circulation of Kymen Lehtimedia's dailies continued to fall, as a result of the continued relatively high level of unemployment in South-East Finland and population shifts to other parts of the country. No major changes took place in reader numbers, however.

In addition to good profitability, Kymen Lehtimedia will be targeting halting the decline in circulation at both Kouvolan Sanomat and Kymen Sanomat in 2002, with the help of content revamps introduced at the beginning of the year. Net sales and operating profit are projected to decline, as a result of reduced exports to Russia. The importance of the latter market to Kymen Lehtimedia is expected to continue to decline significantly.

Infosto improves its profitability

Infosto retained its strong position on the Finnish advertising paper market in 2001. Net sales totalled EUR 16.9 million. Despite the weak media advertising market, advertising revenue at Keltainen Pörssi rose. Circulation revenue remained at 2000 levels.

Profitability also improved. Operations during the year were focused on developing consumer-to-consumer services and products, and non-core online services were eliminated. Online sales of new goods were ended in the spring, and holdings in Iso Elmo Oy and Smartit Finland Oy sold. At the end of the year, Infosto acquired Free Ad Production Oy, publisher of Palsta.

During 2002, Infosto will focus on improving profitability and developing and marketing targeted advertising services and products in its core business areas.

Higher circulation at Taloussanomat

Net sales at Startel rose to EUR 19.7 million (18.9 million), driven by growth at Taloussanomat and Esmerk. Increased net sales and capital gains contributed to a smaller operating loss. Although one-off expenses were booked against operating profit in 2000, Startel recorded an operating loss in 2001. Negotiations with personnel were started in January 2002 with the aim of finding solutions to improve the situation.

Advertising revenue at Taloussanomat rose overall, but this growth came to a halt in the second half, as a result of the general softening of economic prospects. Circulation rose by 24%, and the paper secured an approximately 33% share of the business daily market. The weekly edition recorded a circulation of 31,192, while the Saturday edition had a circulation of 40,019. Printing of the paper in Varkaus, in addition to Sanomala, began in September. The paper took over production of Nelonen's business news at the beginning of 2002.

Net sales at the Startel News Agency remained at 2000 levels, as a result of poor economic prospects. Competition on the news agency market intensified with the growth in the range of electronically delivered news available.

Operations at the Esmerk Group were refocused during 2001 on larger units, and it was decided to close five small country offices. The company's aim remains to grow strongly in Central Europe in particular.

Startel's net sales are projected to rise in 2002, particularly as a result of a growth in advertising and circulation revenue at Taloussanomat. Profitability is expected to improve significantly, although an operating loss is still projected, as a result of ongoing development expenditure.



Aiming for profitability

President Seppo Kievari: "2001 was a mixed year for us at Sanoma. The advertising market developed well in the early part of the year, but economic growth and media advertising growth began to slow in the spring. Newspaper advertising sales fell off as economic prospects moved down in the autumn; job advertising reacted particularly negatively. This development was seen in advertising sales across all our papers: Helsingin Sanomat, Ilta-Sanomat, Taloussanomat, and Kymen Lehtimedia's titles.

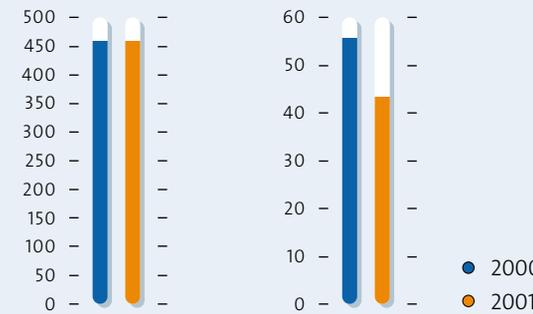
In terms of news, 2001 was a dramatic year, and world events saw circulation improve at Ilta-Sanomat in particular. Helsingin Sanomat's circulation also reached 2000's good level towards the end of the year, although circulation performance for the full year was down on 2000. We also received new data at the end of the year that young people are beginning to rediscover newspapers. Altogether, it reaffirms our faith that newspapers will continue to do well in the competitive media marketplace.

The prospects for 2002 are uncertain, and it seems probable that, in terms of advertising performance, we will not reach the good level seen in early 2001 during the first few months of the year. We expect the market to turn for the better in the autumn. We at Sanoma will have to adapt to this situation. Our main goal for the year will be to improve profitability. This is a challenge, as there are no simple solutions for better profitability. It will mean keeping costs in check and streamlining structures.

We project that Sanoma's net sales during 2002 will come in at 2001 levels, while our operating profit performance should improve, thanks to our cost-cutting efforts."

KEY INDICATORS, € million			OPERATIONAL INDICATORS		
	31.12.2001	31.12.2000		2001	2000
Net sales	459.3	458.2	Helsingin Sanomat		
Operating profit	43.3	55.7	Weekday circulation, copies *)	436 009	446 972
% of net sales	9.4	12.2	Sunday circulation, copies *)	507 011	517 860
Operating profit before goodwill amortisation	49.4	61.2	Advertising volume (column metres)	46 165	49 868
% of net sales	10.8	13.3	Ilta-Sanomat		
Operating profit excl. associated companies	35.1	49.9	Circulation, copies *)	218 829	214 610
% of net sales	7.6	10.9	Advertising volume (column metres)	6 853	6 916
Balance sheet total	490.7	465.1	Taloussanomat		
Gross investments	76.5	70.0	Circulation, copies *)	31 192	25 162
Return on investment, % (ROI)	12.8	17.5	Advertising volume (column metres)	4 378	4 412
Personnel under employment contract, average	4 929	4 704	Other daily papers		
Personnel, average (full-time equivalents)	3 563	3 396	Total circulation, copies	90 806	91 801
			Advertising volume (column metres)	21 937	21 328
			Local newspapers		
			Total circulation, copies	33 563	33 446
			Advertising volume (column metres)	8 760	7 229
			Paper consumption, tonnes	108 992	119 007

NET SALES AND OPERATING PROFIT, € million



*) Audited circulation figures.

SUBSIDIARIES	ASSOCIATED COMPANIES	SANOMA'S MANAGEMENT GROUP
<ul style="list-style-type: none"> • Infosto Oy • Free Ad Production Oy • Kymen Lehtimedia Oy • Baltic Media Oy (89%) • Etelä-Karjalan Jakelu Oy • Etelä-Saimaan • Sanomalehti Oy • Kymen Sanomalehti Oy • Kymen Viestintä Oy • Lehtikanta Oy • Saimaan Lehtipaino Oy • Uutisuoksi Oy • Lehtikuva Oy • Compad Oy (60%) • Leijonajakelu Oy • Startel Oy (90%) • Esmerk Group 	<ul style="list-style-type: none"> • Janton Oyj (21.37%) • NetWheels Oy (20.06%) • Rautakirja Oyj (22.94%) • Suomen Tietotoimisto Oy (22.14%) • ZAO Smena (25.07%) • Anjalankosken Painotalo Oy (48.2%) • Maakuntien Viestintä Oy (45.97%) • Ecovision AB (33.39%) 	<ul style="list-style-type: none"> • Seppo Kievari, President and CEO • Martti Ojares, Executive Vice President; CEO and President, Startel Oy • Veli-Pekka Elonen, Vice President, Legal Affairs, Vice President, Administration (acting) • Pekka Harju, Vice President, Marketing, Ilta-Sanomat • Antti Kivimaa, Vice President, Development • Eija Rinta, Group Controller • Pekka Soini, Vice President, Marketing, Helsingin Sanomat

○ Sanoma Magazines became operational on October 1, 2001 following the merger of the operations of VNU's Consumer Information Group (CIG) with those of Helsinki Media. • Sanoma Magazines is Europe's fifth-largest maga-

zine publisher, with some 270 titles in 10 countries. Sanoma Magazines is the market leader in Belgium, the Czech Republic, The Netherlands, Finland, and Hungary; and is present in Britain, Croatia, Romania, Slovakia, and Sweden. Sanoma Magazines' titles cover readers from pre-school children to senior citizens. Sanoma Magazines' head office is located in Amsterdam. • The Netherlands is Sanoma Magazines' largest market. Sanoma Uitgevers publishes 50 core titles and 70 puzzle and special interest titles. These include SanomaWSOY's largest magazine, the women's weekly, *Libelle*, with a circulation of some 625,000. Sanoma Magazines also owns The Netherlands' leading press distribution company, Aldipress. Multimedia activities are coordinated by Ilse Media (ownership 58.7%), which operates the country's number-one portal, www.startpagina.nl and number-one search engine, www.ilse.nl. • Finland is Sanoma Magazines' second-largest market. With over 40 titles, Sanoma Magazines Finland is the market leader in women's magazines, children's and juvenile magazines, IT titles, and custom publishing. *Aku Ankka* (Donald Duck) has been published since 1951 and is the country's most popular weekly. • Sanoma Magazines Belgium (Mediaxis) publishes 20 titles in Belgium, and is particularly strong in women's magazines and TV titles, one of which, *Humo*, is its largest magazine. • Activities in other countries come under the umbrella of Sanoma Magazines International. Sanoma Magazines International publishes 24 consumer titles in Hungary and 15 business titles and 16 consumer magazines in the Czech Republic and Slovakia.

A European player in magazines

Over 220 new magazines added to the portfolio

The year was dominated by the transformation of SanomaWSOY's magazines business into Europe's fifth-largest magazine publisher and the leader in five markets. This followed the acquisition of VNU's Consumer Information Group (CIG) and over 220 titles based in seven national markets for an enterprise value price-based sum of EUR 1,250 million. An agreement was signed in July and the deal was closed on October 1, since when CIG figures have been consolidated with those of SanomaWSOY.

The businesses of CIG and Helsinki Media were combined as of the same date and renamed Sanoma Magazines. The division has five business areas. Sanoma Uitgevers covers magazine publishing, new media activities, and film distribution in the Dutch market, where magazine retail distribution is handled by Aldipress. Sanoma Magazines Belgium (Mediaxis) covers the Flemish and French markets in Belgium. Sanoma Magazines Finland, previously known as Helsinki Media, covers the Finnish and Swedish markets; and Sanoma Magazines International covers the British, Croatian, Czech, Hungarian, Romanian, and Slovak markets.

Net sales during 2001, when the businesses acquired from VNU were consolidated only from the fourth quarter onwards, totalled EUR 394.3 million; operating profit totalled EUR 41.7 million. The division's EBITA totalled EUR 59.9 million. Sanoma Magazines' pro forma net sales for the full year rose slightly, to EUR 986.2 million.

SanomaWSOY's year-end statement for 2001 includes Sanoma Magazines Finland's figures for the full year, and those for the businesses acquired from VNU for the last quarter. Other figures given are pro forma.

Increased market share in Finland

Net sales at Sanoma Magazines Finland totalled EUR 165.4 million, an increase of 3% (EUR 159.8 million). Circulation revenue rose by 4%. Advertising revenue grew by 3% on a market that saw magazine advertising as whole fall by 3%. Book sales were down somewhat compared to 2000.

Operating profit increased substantially, to EUR 17.6 million (10.2 million), driven by buoyant publishing performance, a good result at associated company, Hansaprint, and lower depreciation. EBITA was EUR 18.1 million (13.5 million).

Investments totalled EUR 6.1 million (4.2 million), and were focused on the acquisition of Stellatum's public sector directories in March and of a 60% stake in Suomen Rakennuslehti Oy, the publisher of Finland's leading construction title, in July.

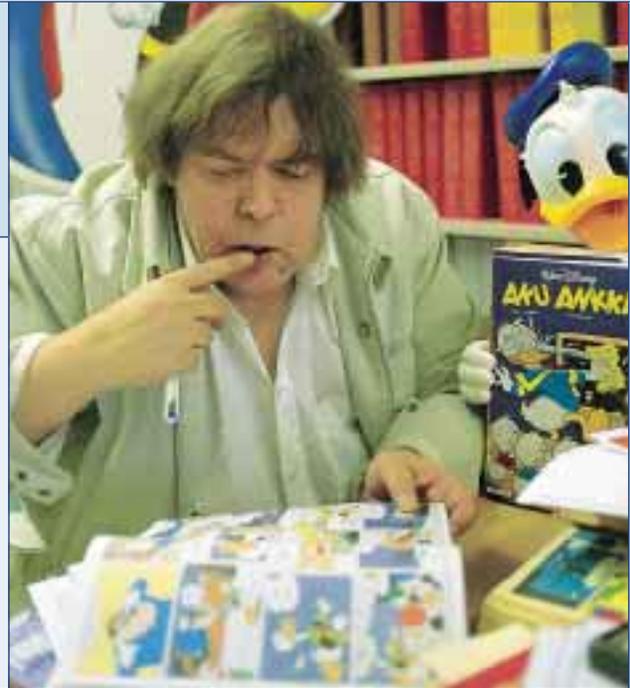
Sanoma Magazines Finland's market share of total circulation volumes has continued to grow. Audited combined circulation rose by 5.2% to over 2 million, a record. Good growth was recorded, particularly at *Aku Ankka* (Donald Duck), *Hyvä Terveys*, *ET-lehti*, *Mikrobitti*, and *ITviikko*. The spring 2001 National Readership Survey recorded an increase of 4.5% in the readership of the company's titles, to 6.8 million.

On the advertising market, Sanoma Magazines Finland emerged as the market leader in 2001, with a share of 20%, up 2 percentage points. While IT magazine advertising was down in absolute terms, as a result of the depressed economy, Sanoma Magazines Finland was able to increase its share of this market by 8 percentage points. Advertising growth in women's and family titles was healthy, especially at *Kodin Kuvalehti*, *Cosmopolitan*, and *Aku Ankka*.

Quality counts

☞ *“I’ve been a Disney fan since I was a kid, and have been with Aku Ankka for over 31 years; I wouldn’t swap this job for anything. Of course, things have changed a lot over the years, but what hasn’t changed is our commitment to our readers. Producing Finland’s biggest circulation weekly that’s read by 1.2 million kids and adults puts an obligation on us to deliver quality. Good dialogue is everything for me with Aku Ankka, and I’m particularly proud of the award we received from the University of Helsinki last year for our creative and inventive use of Finnish.”*

MARKKU KIVEKÄS, EDITOR-IN-CHIEF, AKU ANKKA (DONALD DUCK)



Improved profitability at magazines and comics

Following internal restructuring in April, consumer titles are now concentrated in the Magazines Unit, which performed well in terms of both net sales and profit during 2001. News stand sales at Kodin Kuvalehti, revamped in March, moved up over 30%, and the magazine is now the sixth-largest title on the advertising market and the leading women’s title in Finland. ET-lehti continued to strengthen its position in the 50+ segment, while recent launches, Cosmopolitan, Glorian Koti, and GTi Magazine, also further consolidated their position.

Publication of the men’s lifestyle magazine, MG, launched in 1998, was terminated because of poor demand. The pets magazine, Lemmikit&Eläinmaailma, and the skiing title, Skimbaaja, were transferred to Egmont Kustannus, a joint venture.

Business and IT titles were concentrated in the Business Media Unit in April. The unit broadened its portfolio with the acquisition of a 60% holding in Suomen Rakennuslehti Oy, and public sector directories through the purchase of Stellatum’s titles. The latter will complement Blue Book products, while the weekly construction title will strengthen Sanoma Magazines’ overall position in trade publications.

WebSalesLeads, an online version of business contacts and address resource, SalesLeads, was launched; and the new Pelit magazine, bringing together two previous titles, was launched, which strengthened its position as the largest computer games title in Finland.

Despite the impact of the recession on IT titles, Sanoma Magazines Finland was able to grow its presence in this area and now has a 60% market share, mainly thanks to the continued strength of ITviikko and Mikrobitti.

Sales and profitability both improved at the Juvenile Publishing Unit, where comics were the single best performers. Circulation and advertising revenue both rose at Aku

Ankka, which celebrated 50 years of publication in Finland and is Finland’s most widely read weekly.

Book sales, in contrast, proved weaker, largely as a result of tougher competition and the softer children’s book club market. Two minor book clubs were closed, and the emphasis put on larger units, such as Lasten Oma Kirjakerho and Sisters Club.

Joint venture Kirjalito had a good year, particularly with Puuha-Pete (Bob the Builder) products. Egmont Kustannus, another joint venture, increased its market share of special-interest publications for teenagers and adults



Positive development in Finland expected to continue

Eija Ailasmaa, Executive Vice President, Sanoma Magazines and President, Sanoma Magazines Finland: “2001 was a successful one for Sanoma Magazines Finland, as we were able to further strengthen our position as the country’s leading magazine publisher in three key areas – net sales, total circulation, and advertising revenue – despite the impact of the depressed economy on the magazine advertising market. A number of our major brands, such as Kodin Kuvalehti, ET-lehti, and Aku Ankka, developed particularly positively. Various recent launches also increased their profitability.

The year was our first full one as a completely magazines company following the creation of SWelcom. Our reorganisation into three business segments, Magazines, Business Media, and Juvenile Entertainment, in April was important in helping us to focus our portfolio, and to developing our B-to-B segment.

Our strong brands and content concepts, and our commitment to further developing and building on them, will continue to underpin our business at Sanoma Magazines



Sanoma Magazines publishes some 270 magazines across Europe. The division's largest-circulation title is the women's magazine, Libelle.

Finland in the future. Our track record in successfully launching new titles also represents an important strength. We expect our latest title, Sport, a lifestyle title for women, to be launched in April 2002, to follow in this tradition.

We expect a large number of new opportunities to develop during the year now that we are part of Sanoma Magazines, and we believe that we have a lot to contribute as the second-largest business in the portfolio.

We project that net sales at Sanoma Magazines Finland will grow in 2002 and that the positive development in our operations will continue. Despite ongoing uncertainty over the development of the advertising market and the Finnish economy in general, we believe that magazines generally, and our titles in particular, will continue to perform ahead of the overall media market.”



Women's titles remained strong in The Netherlands

In Sanoma Magazines' largest market, The Netherlands, full-year pro forma net sales at Sanoma Uitgevers increased slightly, to EUR 485.1 million. Circulation revenue rose by around 1%. Advertising revenue was slightly down, as a result of the weaker advertising market. This was especially felt during the last three months of the year, with cutbacks in advertising budgets by dotcoms and telecommunications companies in particular. Net sales during the last quarter totalled EUR 139.6 million. EBITA totalled EUR 34.2 million. The phased transfer of the MX door-to-door distribution service to the Dutch Post began.

Women's titles performed well, despite a fall-off in advertising volume. Direct marketer, Geomatic International, and film distributor, RCV Entertainment, also performed better than expected. Internet operations at ilse Media have been streamlined and brought closer to print activities.

Investments were focused on the introduction of SAP and an extensive customer relationship management (CRM) project.

Sanoma Uitgevers' share of circulation remained largely unchanged, despite the launch of a number of competing titles by other publishers. Total circulation figures were slightly down, however. Sanoma Uitgevers launched five new titles in various segments: More Than Classic, Health, Young & Famous, Celebrity, and Avenue; and discontinued the men's lifestyle title, ZSM.

Net sales and operating profit in 2002 are expected to develop positively. Overall advertising on the Dutch market

is expected to be lower, however, which will have a downward impact, as will start-up costs linked to titles launched in 2001 and 2002. This is expected to be offset by increased circulation revenues and a lighter cost structure.

Aldipress opens a new distribution centre

Pro forma net sales at Aldipress remained at 2000 levels, at EUR 206.5 million. Net sales for the last quarter totalled EUR 52.8 million, and the company's EBITA, EUR 1.0 million. Developing logistics was a focal area of attention during the year. As part of this, a new distribution centre will be opened at Duiven in July 2002 and a returns centre in Amsterdam in September.

The number of distribution outlets served by Aldipress continued relatively unchanged, at some 9,000, as did Aldipress' market share in terms of net sales, at 72%. A total of 106 million publications were sold, of which around half were Sanoma Magazines titles. The distribution rights to IDG's computer titles were secured in December. The proportion of outlets accounted for by large retailers continued to increase, bringing a greater pressure for discounts.

Key titles retained their market share in Belgium

Pro forma net sales at Sanoma Magazines Belgium remained at 2000 levels, at EUR 148.2 million. Net sales during the fourth quarter totalled EUR 39.4 million, and EBITA, EUR 0.4 million. This figure includes EUR 0.8 million in penalties for delayed payment of disputed lottery tax.

Circulation was slightly down on 2000, although Story and TeVe-Blad developed better than their competitors, as did Flair and Humo. The company's market share in both Flemish- and French-speaking Belgium rose marginally, to just under 50% and 25% respectively.

Advertising revenue was slightly ahead of 2000, performing better during the first part of the year, but declining subsequently, particularly during the last quarter, as a result of the depressed economy. This particularly affected Flemish-language weeklies. Home decoration titles in both language regions recorded an encouraging increase in advertising revenue.

Net sales in 2002 are projected to be slightly below those in 2001, as Express, a TV and radio guide, was sold at the end of 2001. Growth is likely to be held back by the depressed advertising market, which will be most pronounced during the first half. Positive circulation revenue development should enhance net sales.

A bright future

☞ *“We were very happy when we heard that it was SanomaWSOY that had been chosen to acquire our business here in Hungary, together with the rest of VNU’s consumer magazines. SanomaWSOY’s commitment to magazines as a core activity gives us a stronger and more assured basis to develop our operations, I believe. The similarities between our corporate cultures and values have also helped make the transition easy. I’ve also thrived on the opportunities – and challenges – my promotion at the beginning of 2001 has brought.”*

NÓRA RUSZKAI, COO, SANOMA BUDAPEST KIADÓI RT.



Successful formats at Sanoma Magazines International

Sanoma Magazines International recorded pro forma net sales of EUR 102.3 million. This was driven by higher circulation revenue and, to a lesser extent, advertising revenue. Net sales during the last quarter totalled EUR 28.9 million, and EBITA, EUR 7.0 million. A company was set up in a new market, Croatia, at the end of the year. In February 2002, a letter of intent was signed to sell British European Associated Publishers Ltd, BEAP to management.

The largest growth in circulation was seen in Hungary and Romania, while sales in Britain and the Czech Republic declined. Story in Hungary in particular sold well. The magazine has emerged as Hungary’s largest weekly after being launched only two years ago, and has a circulation of 435,000. Originally launched in The Netherlands in 1974, Story is now also published in Belgium and the Czech Republic, and the magazine highlights Sanoma Magazines’ ability to transfer successful formats into new markets. Story will be launched in spring 2002 in Croatia and Romania, where Beau Monde was launched in 2001.

Romania recorded an impressive increase in advertising revenue. The increase seen in advertising revenue in the Czech Republic was modest. Advertising revenue growth was also small in Hungary, where two titles, Playboy and Easy PC, were discontinued. Stable performance was recorded in Slovakia, where a new magazine, Prekvapeni, Sanoma Magazines’ first local consumer title, was launched.

Competition in the Czech Republic increased significantly. A number of cost-cutting measures were introduced, including a restructuring of the product portfolio and a small number of redundancies, to improve profit performance.

Sanoma Magazines International projects that its com-

parable net sales will improve clearly in 2002, driven by new titles and restructuring in the Czech Republic.



New titles coming in 2002

Theo Bouwman, President, Sanoma Magazines:

“SanomaWSOY’s decision to acquire VNU’s consumer magazines was an exciting one for all of us. We believe that we have the potential, the skills, the ability, and the people to deliver on what is expected of us.

Our strategic objective as we go forward will be to grow our position as a leading European magazine publisher with a focus on multiple mid-sized markets. We will do this through organic growth and selected acquisitions and alliances in areas where we can achieve a significant market share.

We made our first acquisition after becoming operational in October with the creation of a 65%-owned joint venture in Croatia, a small market in itself but with access to large areas of the former Yugoslavia where Serbo-Croatian is spoken. We plan to launch new titles here in 2002 from the spring onwards, as well as new titles in other mid-sized European markets.

2002 will be an important year for integrating all the businesses within the portfolio around a common strategy and stimulating innovation and growth initiatives. Benchmarking, establishing, and sharing best practice and operational excellence across Sanoma Magazines will be particularly important, as will working together to an increasing extent in areas such as concepts and formats and new media.

Our experience with cross-border titles like Story underlines our capabilities to do this successfully. Although we do not base our expectations on major synergies, we do expect to be able to achieve quick wins in areas such as sourcing related to printing, paper, and IT.

The most important critical factor affecting our performance in 2002 will be economic development in Europe; in EU countries, growth is predicted to be around 1% overall. Growth in eastern central Europe is expected to be stronger.

The indications are that the second half will bring improved prospects in western Europe.

We project that net sales at Sanoma Magazines will rise to around EUR 1 billion in 2002, mainly driven by new activities at Sanoma Uitgevers and Sanoma Magazines International. EBITA is expected to come in at around 12% of net sales, while our operating profit percentage will probably be slightly under 6% as a result of high amortisation levels.”

SANOMA MAGAZINES

SUBSIDIARIES

KEY INDICATORS, € million	31.12.2001	31.12.2000
Net sales	394.3	159.8
Operating profit	41.7	10.2
% of net sales	10.6	6.4
Operating profit before goodwill amortisation	59.9	13.5
% of net sales	15.2	8.5
Operating profit excl. associated companies	31.4	3.5
% of net sales	8.0	2.2
Balance sheet total	1766.0	56.9
Gross investments	1314.8	4.2
Return on investment, % (ROI)	14.8	71.5
Personnel under employment contract, average	1828	814
Personnel, average (full-time equivalents)	1707	779

The indicators for 2000 include data only from the pro forma income statement and balance sheet of Sanoma Magazines Finland. The other businesses have only been consolidated for the last quarter of 2001 and their pro forma figures have been calculated largely in accordance with principles followed by VNU.

Sanoma Magazines International B.V.

Sanoma Hearst Romania s.r.l., (65%) (VNU Hearst Romania s.r.l.)
 Sanoma Budapest Kiadó Rt. (VNU Budapest Lapkiadó Rt.)
 Sanoma Magazines Zagreb d.o.o., (65%)
 Sanoma Magazines Slovakia sr.o.(Strategie na Slovensku sr.o.)
 Sanoma Magazines Praha Spol s.r.o. (Mona Spol s.r.o.)
 BEAP British European Associated Publishers Ltd

Sanoma Uitgevers B.V.

Accres Uitgevers B.V.
 Geomatic International B.V.
 RCV Entertainment B.V.
 ilse Media Group, (58.7%)
 HPR Holding B.V., (75%)
 Uitgeverij Woudestein B.V.
 Uitgeverij Veldhuis B.V.

Aldipress B.V.

Sanoma Magazines Belgium N.V. (Mediaxis N.V.)

Sanoma Magazines Finland Oy (directly owned by SanomaWSOY Corporation)

ASSOCIATED COMPANIES

MANAGEMENT BOARD

Sanoma Magazines International B.V.

Hearst Sanoma Press Publishing Kft., (50%) (Hearst-VNU Budapest Lapkiadó Kft.)

Sanoma Uitgevers B.V.

Sportweek Media B.V., (50%)
 B.V. Programmabladen AKN, (25%)

- **Theo Bouwman**, President & CEO
- **Eija Ailasmaa**, Executive Vice President; President, Sanoma Magazines Finland Oy
- **Eelco de Boer**, CFO (until 1.4.2002)
- **Koos Guis**, President & CEO, Sanoma Magazines International B.V.
- **Edo Meerloo**, Managing Director, Aldipress B.V.
- **Jan Vandenwyngaerden**, President, Sanoma Magazines Belgium N.V. (Mediaxis N.V.)
- **Pim de Wit**, President & CEO, Sanoma Uitgevers B.V.
- **Elina Männikkö**, Secretary of the Management Board; Vice President, Business Development, Sanoma Magazines Finland Oy

SANOMA MAGAZINES FINLAND

KEY INDICATORS, € million	31.12.2001	31.12.2000
Net sales	165.4	159.8
Operating profit	17.6	10.2
% of net sales	10.6	6.4
Operating profit before goodwill amortisation	18.1	13.5
% of net sales	11.0	8.5

Figures for 2000 have been calculated on the basis of a pro forma income statement.

OPERATIONAL INDICATORS, 1.1 – 31.12	2001	2000
Number of magazines published	41	49
Circulation of magazines, thousands	2 009	1 909
Magazine copies sold, thousands	41 020	38 422
Number of advertising pages sold	8 464	8 574
Number of books published	155	176
Number of book club members, thousands	109	112

SANOMA UITGEVERS

KEY INDICATORS, *) € million	1.10 – 31.12.2001
Net sales	139.6
Operating profit	20.4
% of net sales	14.6
Operating profit before goodwill amortisation	34.2
% of net sales	24.5

OPERATIONAL INDICATORS, 1.1 – 31.12	2001
Number of magazines published	112
Circulation of magazines, thousands	5 683
Magazine copies sold, thousands	172 574
Number of advertising pages sold	14 064

SANOMA MAGAZINES BELGIUM

KEY INDICATORS, *) € million	1.10 – 31.12.2001
Net sales	39.4
Operating profit	0.4
% of net sales	1.1
Operating profit before goodwill amortisation	0.4
% of net sales	1.1

OPERATIONAL INDICATORS, 1.1 – 31.12	2001
Number of magazines published	20
Circulation of magazines, thousands	1 900
Magazine copies sold, thousands	75 406
Number of advertising pages sold	11 925

SANOMA MAGAZINES INTERNATIONAL

KEY INDICATORS, *) € million	1.10 – 31.12.2001
Net sales	28.9
Operating profit	6.7
% of net sales	23.3
Operating profit before goodwill amortisation	7.0
% of net sales	24.1

OPERATIONAL INDICATORS, 1.1 – 31.12	2001
Number of magazines published	96
Circulation of magazines, thousands	5 424
Magazine copies sold, thousands	155 155
Number of advertising pages sold	10 282

ALDIPRESS

KEY INDICATORS, *) € million	1.10 – 31.12.2001
Net sales	52.8
Operating profit	0.4
% of net sales	0.8
Operating profit before goodwill amortisation	1.0
% of net sales	1.9

OPERATIONAL INDICATORS, 1.1 – 31.12	2001
Number of copies sold (press distribution), thousands	106 293
Supermarkets	55.1%
Bookstores	28.9%
Tobacconists	10.5%
Service stations	4.8%
Other channels	0.8%

* Included in SanomaWSOY's official figures only for the last quarter of the year.

SWelcom is responsible for SanomaWSOY's key electronic media activities and development projects. The division includes SWelcom Oy, Oy Ruutunelonen Ab, Oy Suomen Medianeelon Ab, Helsinki Televisio Oy,

2ndhead Oy, Tuotantotalo Werne Oy, and Måndag Oy. • Nelonen is Finland's second commercial television channel, and the country's third-largest media in terms of advertising sales. Programming is primarily focused on urban viewers. • Helsinki Television (HTV) is Finland's largest cable TV company, and offers a range of pay TV and broadband Internet services. • 2ndhead develops services and systems for Internet, mobile, broadband, and digital TV; and is responsible for SanomaWSOY's Virtual Portal Internet project. • Tuotantotalo Werne provides TV, video, and audio services for producers; while Måndag offers video copying and CD and DVD production services. • SWelcom's involvement in digital TV is channelled through Nelonen, Suomen Urheilutelevisio, a sports channel, Platco Oy, and digital pay TV.

Nelonen strengthens its position

Broadband success brings additional net sales

The year was a difficult one for commercial television in Finland, as the overall market for TV advertising declined by 9%. Nelonen nevertheless succeeded in maintaining its sales of advertising time at virtually 2000 levels, thanks to its highly focused approach to target audiences. HTV's broadband Internet services also saw strong growth.

Net sales at SWelcom rose to EUR 84.9 million (78.5 million), driven in particular by the success of HTV's broadband services and an increase in the number of Internet development and related projects for other units within SanomaWSOY.

SWelcom recorded an operating loss of EUR 24.5 million (16.7 million). Factors contributing to this included programming costs at Nelonen, higher goodwill depreciation linked to SanomaWSOY's increased holding in Nelonen, and investments in digital TV. The fact that 2ndhead has been consolidated in SWelcom's result since October 1, 2000 also contributed.

Investments totalled EUR 12.5 million (33.7 million). The largest of these were linked to the ongoing development of HTV's cable system and cable modem services. Investments also included increasing SanomaWSOY's holding in Nelonen.

Nelonen strengthens its position as Finland's third-largest advertising media

Net sales at Nelonen remained at virtually the same level as in 2000, despite a drop of 9% in overall TV advertising. Net sales totalled EUR 51.1 million (51.7 million) and included advertising

valued at EUR 0.25 (1.69 million) sold to programmes broadcast by the Finnish Broadcasting Company. Advertising sales at Nelonen itself rose by 1.5%.

The channel recorded an operating loss of EUR 15.3 million (15.4 million). Factors contributing to this included higher programming expenditure in response to the competitive situation and higher music royalty payments. Nelonen's operating licence fee totalled EUR 10.7 million.

Nelonen is Finland's third-largest media, as measured in terms of advertising sales. The channel's share of TV advertising rose to 26.6% during 2001, compared to 24.5% in 2000.

Nelonen further consolidated its media reach during 2001. On average, the channel reached 42% (40%) of Finns daily, and 73% (70%) on a weekly basis. The channel's share of national TV viewing rose to 22.6% (21.9%), despite the increased number of channels on offer.

In line with its strategy, Nelonen's viewers mainly comprise urban, fast adopters. On average, 71% of Nelonen's viewers live in urban areas.

Nelonen broke a number of its ratings records in 2001. The channel's most popular programme was 'Who wants to be a Millionaire?', which attracted up to 878,000 viewers compared to 640,000 in 2000. The revamped Eight O'clock News attracted audiences as high as 630,000.

In 2002, Nelonen will concentrate on improving profitability and growing both its net sales and market share. In terms of programming, the channel will continue to focus on enhancing the commercial attractiveness and quality of its prime time offering. Nelonen will also focus on other distri-

Better coverage, more variety

☞ *“The biggest change to date in my work at Nelonen’s News Unit came at the beginning of 2001, when I became one of our two main anchors, alongside Mikko Hirvonen. In the autumn, when we revamped our news programming and extended our 8 o’clock evening bulletin, I got the opportunity to devote some of my time to reporting again. I enjoy the variety these two really quite different jobs brings, as well as the opportunities the longer programme format gives us for dealing with the stories of the day in more detail. The revamp has also been a success with viewers, I believe.”*

BABA LYBECK, ANCHOR & REPORTER, NELONEN NEWS



bution channels, particularly digital TV, and develop new services for advertisers and viewers.

An official decision on reducing the operating licence fees levied on commercial channels is expected in 2002. Under new draft legislation, the operating licence fee levied on analogue TV operations will be halved as of July 1, 2002, and digital TV providers will be freed from having to pay any operating licence fee during their first license period.

Demand for cable modems continues to be brisk

Net sales at Helsinki Television (HTV) rose by 18% to EUR 22.4 million (19.0 million), and the company’s profitability improved clearly. HTV continued to invest heavily in upgrading and extending its cable infrastructure for interactive services and developing its cable modem system during 2001. These investments will help strengthen HTV’s performance in the future.

As of the end of the year, 219,052 households were connected to the HTV cable system, of which over 8,600 represented new connections. New agreements were signed with over 16,200 customers during the year. The key drivers behind this upswing were the spread of digital services and the popularity of broadband Internet services. This record growth was also driven by a change in legislation that came into force in June and which enables people living in apartments or similar multiresident dwellings to become cable customers by a majority rather than unanimous decision on the part of residents. The modernisation of the cable system to provide full interactive capabilities was completed.

Demand for HTV’s broadband Internet services continued to be brisk in 2001. A total of 19,668 cable modems had been supplied to customers as of the end of the year, more than doubling the level current at the end of 2000. In addition

to its own system, HTV also provides pay TV services via eight other cable systems, and had 39,602 pay TV subscriptions as of the end of the year. This number has slightly declined over recent years, but the increase in the number of digital channels on offer is expected to provide renewed impetus for pay TV development.

The digitalisation of TV transmissions will have a fundamental impact on HTV’s future prospects. Cable systems represent a major distribution channel for digital TV services as they expand. The increased range of the digital offering will also broaden cable TV programming. The parallel distribution of analogue and digital services will be a central challenge during the transition period, both in terms of programming and technology. The focus will shift to digital programming on a phased basis in 2002 and 2003.

Shifting to digital on a phased basis

Digital TV transmissions began in Finland on August 27, when Nelonen launched its digital service as planned. SWelcom’s Movie Channel began terrestrial digital broadcasting by offering a range of free trailers for its future pay TV programming. In December, SWelcom decided to postpone the launch of the Movie Channel, as a number of key issues related to terrestrial digital pay TV have yet to be resolved. In the event that the situation is resolved positively, the intention is to launch the channel in autumn 2002.

The start-up of terrestrial digital TV proved slower than originally forecast because of delays in the availability of MHP set-top boxes. A number of questions linked to the distribution of pay TV services via cable TV systems and the status of the national distribution network are also open.

At the launch of digital TV in August, for example, users of the digital set-top boxes available in Finland could not



Helsinki Television's new shop in Sanoma House offers information and advice on products such as Welho broadband services and digital cable programming.

access the electronic programme guide or digital text-TV or interactive services. This hardware problem was further complicated by the fact that the units intended for use with cable TV systems could not be used in aerial-based systems and vice versa.

In summer 2001, the Finnish Communications Regulatory Authority stated that local TV channels and national pay TV channels do not come within the scope of the 'must carry' requirement in the cable area. As a result, local and pay TV channels must negotiate distribution issues and any possible charges that might be levied for distribution separately with cable companies. As such charges could undermine the economic viability of pay TV operations significantly, it has been necessary to review the prerequisites for digital pay TV operations.

Service platforms for digital TV in Finland are provided by Platco Oy, in which SWelcom owns a one-third holding. Platco was established in February 2001 by the Finnish Broadcasting Company, MTV Oy, and SWelcom, the three administrators of Finland's digital multiplexes, and is responsible for sourcing and maintaining the Finnish user interface application and encryption system.

During 2002, SWelcom's TV activities will be focused on extending Nelonen's digital offering, distributing digital channels via HTV's cable system, and developing MHP-based applications. SWelcom is also a shareholder in the sports channel, Suomen Urheilukanava, which started operation in 2001.

A new direction for 2ndhead

SWelcom merged its IP-based activities into a single entity, Swwap Oy, in summer 2001, and renamed the company 2ndhead Oy at the end of the year. The company's operations have been reorganised in line with current market conditions. In the autumn, official employee consultation procedures resulted in 19 people being made redundant. Today's restructured 2ndhead focuses on developing services and systems for Internet, mobile, broadband, and digital TV, and is responsible for SanomaWSOY's Virtual Portal project.

The latter project progressed as planned in 2001; as of the end of the year, 58 sites were linked to a common pop-up interface. Introduction of an electronic customer relationship management (eCRM) system as part of SanomaWSOY sites was initiated.

Werne recorded net sales of EUR 8.6 million (9.4 million); profitability was slightly down. The decline in net sales

resulted from the slower-than-expected start-up of digital TV, and a fall-off in demand for copying and other services. A major shift took place in demand for multicamera production services from studio work to outside broadcasting. The shift in copying service demand to DVD intensified.



Building on our strengths

President Tapio Kallioja: "2001 was SWelcom's first full year of operations. The year was characterised by three main developments. The Internet and mobile markets were typified by turmoil, and SWelcom reorganised its commitment to these areas in line with this.

The advertising market, and particular the TV advertising market, also developed differently than had been expected at the beginning of the year. Development was slower than projected, and the market contracted overall. Despite this, however, Nelonen successfully increased its market share and improved its result.

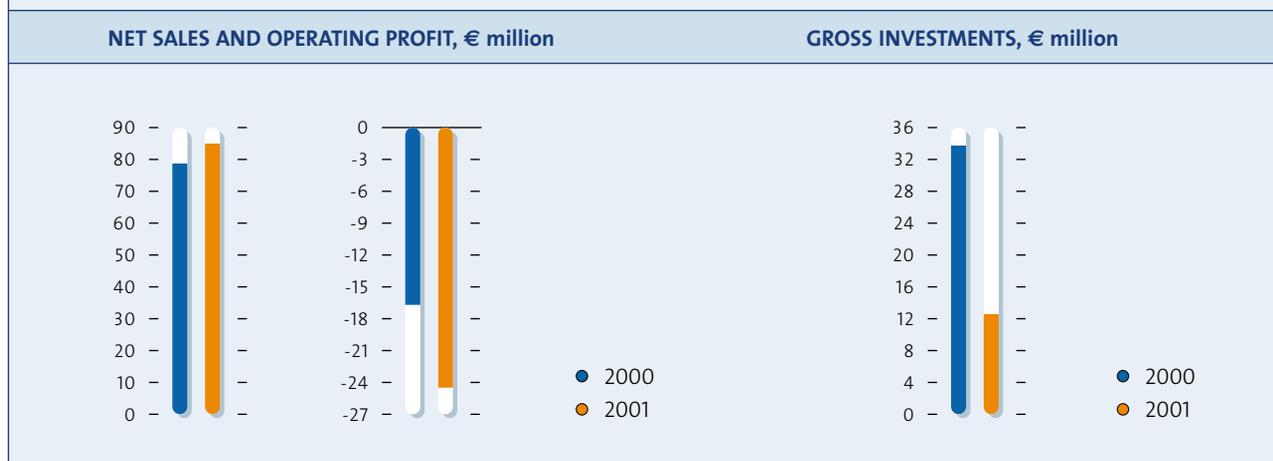
The third key development was the slower-than-expected start-up of digital TV. We continue to believe in the future of digital TV, however, because of the multiple benefits that it offers over analogue. We forecast that TV in Finland will be completely digital in the early part of the next decade, and we at SWelcom will be active in promoting digital operations.

In 2002, we project that both SWelcom's net sales and performance will move up. We expect our net sales to increase by some 15% and our operating loss to be reduced clearly. Growth at Nelonen is expected to come from higher market share. The possible halving of the channel's operating licence fee on July 1, 2002 would have an important impact on improving Nelonen's profitability. Demand for cable TV services is also expected to continue at a good level.

With the exception of the expansion of digital services, we do not expect to make any major investments during 2002, as most of the investments and development work needed in the cable, Internet, and mobile areas were made in 2001. We will be able to benefit from this in 2002. SWelcom will continue to address costs, and we will tailor our development expenditure to market conditions. The most critical factor for our success in 2002 will be the overall development of TV advertising, and our projections for the year are closely dependent on progress in this area."

KEY INDICATORS, € million			OPERATIONAL INDICATORS		
	31.12.2001	31.12.2000		2001	2000
Net sales	84.9	78.5	Nelonen's share of Finnish		
Operating profit	-24.5	-16.7	TV advertising	26.6%	24.5%
% of net sales	-28.8	-21.3	Nelonen's daily coverage	42.0%	40.0%
Operating profit before goodwill amortisation	-21.7	-15.7	Average audience for Nelonen's top 10 programmes	768 000	589 000
% of net sales	-25.6	-19.9	Nelonen's share of national viewing	11.6%	11.5%
Operating profit excl. associated companies	-23.2	-16.7	Number of connected households, thousands	219	210
% of net sales	-27.4	-21.3	Number of pay-TV subscriptions, thousands	40	45
Balance sheet total	152.4	131.0	Number of broadband Internet connections, thousands	20	8
Gross investments	12.5	33.7			
Return on investment, % (ROI)	-20.3	-22.1			
Personnel under employment contract, average	441	325			
Personnel, average (full-time equivalents)	403	310			

The figures for 2000 have been calculated directly from the relevant pro forma income statement and balance sheet.



SUBSIDIARIES	ASSOCIATED COMPANIES	SWELCOM'S MANAGEMENT GROUP
<ul style="list-style-type: none"> Helsinki Televisio Oy Oy Ruutunelonen Ab (90.55%) Oy Suomen Medianelonen Ab 2ndhead Oy Tuotantotalo Werne Oy Måndag Oy 	<ul style="list-style-type: none"> Maxisat Oy (46.21%) Platco Oy (33.33%) Suomen Urheiluradio Oy (30%) Suomen Urheilutelevisio Oy (35%) 	<ul style="list-style-type: none"> Tapio Kallioja, President Pekka Jaakola, Senior Vice President, Technology Pirkko Jokinen, President, 2ndhead Oy Juha-Pekka Louhelainen, President, Oy Ruutunelonen Ab Merja Rinne, Vice President, Digital Movie Channel (until 31.3.2002) Marja-Leena Tuomola, Vice President, Administration Markku Tuomola, President, Helsinki Television Ltd. Pia Huhdanmäki, Secretary to the Management Group; Corporate Counsel



WSOY is Finland's leading publisher and the market leader in general literature, educational materials, and a number of specialist publications. The company is also the Nordic area's largest book printer and Finland's leading digital printer; and the Nordic region's leading calendar publisher. • WSOY's General Literature Unit publishes Finnish fiction and foreign fiction in translation, and non-fiction. The Educational Material Unit publishes a variety of educationally oriented material in both print and electronic format. The Business Information Unit's products cover business publications and business training, legal works, dictionaries and location information products and maps (Genimap), and IT books (Docendo). Corporate eLearning activities are concentrated in Everscreen; while eWSOY is responsible for WSOY's Internet-based Opit eLearning environment for schools, as well as consumer multimedia products. Weilin+Göös publishes multi-volume reference works in Finland and the Nordic countries. • Printing operations are divided between three subsidiaries. WS Bookwell offers book printing services, while the companies in the Lönnberg Painot group specialise in printing high-quality advertising material, annual reports, in-store advertising material, and gift packaging. Tummavuoren Kirjapaino is a digital printing specialist. • The Calendar Operations Unit includes Finland's leading calendar publisher, Ajasto; a producer of calendar covers, Nummi-Plast; and the number-one calendar publishers in Sweden and Norway: Almanacksförlaget and Emil Moestue.

Traditional publishing proved profitable

Brisk Christmas season for books

Book sales during 2001 were up on 2000. According to preliminary figures from the Finnish Book Publishers Association, publishers' sales to bookshops and other retail outlets rose by 4% (9%). Book clubs sales increased by 2% (8%) and sales of educational materials by 5% (5%). Sales of multi-volume works fell back by 16%, however.

Net sales at WSOY rose by 4% and totalled EUR 211.0 million (203.4 million). Comparable net sales, taking account of acquisitions and divestments, rose by 3.6%. The economic downturn had a clear adverse impact on sales towards the end of the year, and weakened WSOY's overall profitability. The Christmas season proved exceptionally brisk, but was shorter than normal.

WSOY's operating profit totalled EUR 18.1 million (18.3 million). Performance in traditional book publishing and printing came in at the good level recorded in 2000, but losses recorded in electronic publishing and the weak development of the market for IT titles, particularly in Sweden, impacted the company's overall profit. The Calendar Operations Unit recorded a profit, thanks to the success of rationalisation measures introduced earlier. Associate company Rautakirja contributed EUR 9.7 million (8.1 million) to WSOY's operating profit.

Investments totalled EUR 14.7 million (25.5 million). The largest of these involved increasing WSOY's holding in new media company, Young Digital Poland, from 29.1% to 49%, and replacement investments in the printing area. The most important printing machinery-related investments were a

new hardback line for WS Bookwell and an A0 four-colour offset machine for Lönnberg Painot.

Karttakeskus Oy and WSOY's subsidiary Geodata Oy were merged in April, and the combined company, in which WSOY has a 90% stake - a specialist in printed maps and electronic location information applications - was named Genimap Oy. In October, WSOY increased its holding in Everscreen Mediateam Oy from 25% to 64%, when Everscreen acquired the eLearning operations of WSOY subsidiaries, Docendo Finland Oy and Docendo Sverige AB.

Higher market share in school books

Net sales in the Publishing Business Area totalled EUR 131.8 million (127.4 million), while operating profit totalled EUR 6.3 million (8.3 million).

Sales at the General Literature Unit totalled EUR 35.7 million (34.9 million), and the unit's profit improved. Bookshop sales reached a similar record level to that seen in 2000. The upward trend in sales was hit by softer demand in October and November, a development that affected the field as a whole. Fiction and children's books performed strongly. Authors such as the winner of the Finlandia Prize, Hannu Raittila, Arto Paasilinna, Ilkka Remes, Eeva Kilpi, and Jari Tervo, were well represented on the best-seller lists. Nearly 90,000 copies of J.R.R. Tolkien's classic, Lord of the Rings, were sold.

Book club sales were up 12%, driven by the 200,000 members of WSOY's book clubs; and WSOY succeeded in further increasing its market share. The new Uppo-Nalle club

Tools for better teaching

☞ *“Coming from a teaching background, I want to produce material that I would like to use in the classroom myself, that I know can work, and that I believe will motivate both teachers and children. Projects like WSOY’s online eLearning environment, Opit, offer us new opportunities for extending the range of our material,” says Katja. “Today’s Opit is very much a way of providing schools with supplementary material, like language exercises and background information. Longer term, though, its potential lies in offering new ways of teaching, a completely new type of ‘classroom experience’ if you will,” says Otto.*

**KATJA MERONTAUSTA, EDITOR, EDUCATIONAL MATERIALS /
OTTO MATSSON, PUBLISHING MANAGER, EWSOY**



for children was well received. The Internet-based Bookmark book club, founded in 2000, in contrast, failed to achieve its targets and was combined with Uudet Kirjat. Online sales became increasingly popular, however. WSOY was also the first publisher in Finland to launch ebooks.

Paperback specialist, Taskukirja Loisto, an equal partnership between Finland’s four leading publishers founded in April, sold over 300,000 books during 2001.

Sales at the Educational Materials Unit rose 6% to EUR 35.6 million (33.6 million). The unit recorded an improved profit compared to 2000, and increased its share of the market to some 55%. Comprehensive school books for the 2001/2002 school year performed particularly well, and annual sales rose some 9%. The unit responded successfully to the challenge represented by the phased switch-over to new syllabuses in all school grades, updating the content of all its books for this market. New syllabuses were also introduced in Finland’s high schools and will similarly affect the content of books in this segment.

A good first year for Genimap

The Special Publishing Unit, now known as the Business Information Unit, recorded net sales of EUR 28.4 million (24.8 million), up 15%. Business books performed well, and Genimap turned in a profit following the merger. Poor performance at the Docendo Group, however, impacted by a weaker market for IT titles, resulted in the unit recording a loss overall.

Sales at Business Publishing remained strong and profitability improved. Corporate online services successfully attracted new customers. The year also proved a good one for corporate training specialist, WSOY Yrityskoulutus.

The year was a good one for Genimap, created by the merger of Geodata and Karttakeskus. Synergy benefits saw

the company record a profit. Genimap secured a number of important contracts, including supplying its address finder service to Nokia for inclusion with its latest communicator-style mobile phones, developing a series of global application for forest industry needs in cooperation with TietoEnator, and producing Finnish map material for car navigation systems in collaboration with Tele Atlas.

The Docendo Group recorded a loss, as a result of the impact of the depressed IT market on sales of both its books and eLearning products, particularly in Sweden. In response, Docendo streamlined its organisation and at the end of the year sold its IT eLearning business in Finland and Sweden to Everscreen. At the same time, WSOY increased its holding in the latter from 25% to 64%. Operations were combined into the Everscreen Group, comprising the Finnish parent company, Everscreen Oy, and Swedish subsidiary, Everscreen AB. Everscreen will focus on producing content and services for corporate eLearning products, while Docendo will focus on IT publishing.

Opit launched on the Internet

Sales at eWSOY totalled EUR 1.7 million (2.2 million). The unit recorded a loss, as a result of heavy development expenditure and costs associated with cutting back consumer multimedia products. In the future, eWSOY will focus on eLearning solutions.

The unit’s main eLearning project, the Internet-based Opit learning portal, was launched in October, together with the first online learning modules for school students. The first end-user agreements were signed, and the market is expected to become commercially viable in one to two years. Content will be extended in the future to material for vocational college students, and cooperation in content development will be extended with Young Digital Poland. As a result



"Hannu Raittila's *Canal Grande* was the best of the books nominated and receives this year's Finlandia Prize," announced Claes Andersson (left). The works of two other WSOY authors, Daniel Katz and Asko Sahlberg, were also nominated for the prize.

of technical limitations associated with current technology, WSOY decided to let its digital TV license lapse and will not use this channel for distributing learning materials.

WSOY increased its holding in Young Digital Poland, a digital learning materials specialist with a strong market position in Central Europe, to 49% in February 2001, and agreed an option giving WSOY the opportunity to acquire a majority holding at the beginning of 2004. Young Digital Poland recorded net sales of EUR 3.5 million. Continued development expenditure and a weak autumn combined to result in a loss for the year.

Net sales at Weilin+Göös totalled EUR 30.5 million (32.0 million). Profit performance was also lower. Net sales in Finland fell back 12%, despite the success of new multi-volume works. Internal reorganisation introduced in response to the weaker market situation saw the company's non-fiction editors transferred to WSOY. Order levels moved up at the end of the year. Net sales at Bertmark, based in Sweden, Norway, and Denmark, rose 17%, and the company's profit performance remained good.

The outlook for profit performance in traditional publishing is stable, and the performance of new electronic-based businesses is expected to improve in 2002.

Printing performance remained good

Net sales at the Printing Unit were slightly up, at EUR 62.2 million (61.4 million). Although operating profit fell back to EUR 7.4 million (9.3 million), this was a good result, given the increased uncertainty affecting the printing sector.

Traditional book printing survived the printing downturn the best. Net sales at WS Bookwell totalled EUR 37.2 million (37.1 million), and the company printed some 22 million books. The company recorded a good result, although it was below 2000. Exports totalled EUR 18.8 million. Currency and paper price rises undermined export profitability.

Net sales at Lönnberg Painot totalled EUR 20.6 million (20.0 million). Despite a weaker market, Lönnberg's profit performance remained at 2000 levels. The map printing business of Karttakeskus, acquired in 2000, was merged with Lönnberg's operations at the beginning of the year.

Digital printer, TummaVuoren Kirjapaino, suffered from the softer market. Net sales were marginally up, at EUR 4.4 million (4.3 million), but the company's operating profit was very modest.

The prospects for WSOY's printing activities in 2002 are good, and the businesses are expected to record an improved profit.

Successful restructuring in calendars

Net sales at the Calendar Operations Unit totalled EUR 35.8 million (36.7 million), and the unit recorded a profit of EUR 0.3 million (-1.8 million).

Ajasto's Finnish-based businesses turned in a good performance, up slightly on 2000. Development measures resulted in a clear improvement in performance in the group's Swedish and Norwegian units.

Calendar Operations retained its leading position on the Finnish market, in line with 2000. In Sweden, however, the company's market share was cut slightly, while market share improved in Norway.

The overall market for calendars will probably stay essentially unchanged in 2002. The impact of development measures is expected to result in a continued improved profit performance at Calendar Operations during 2002.



Book publishing remains our core strength

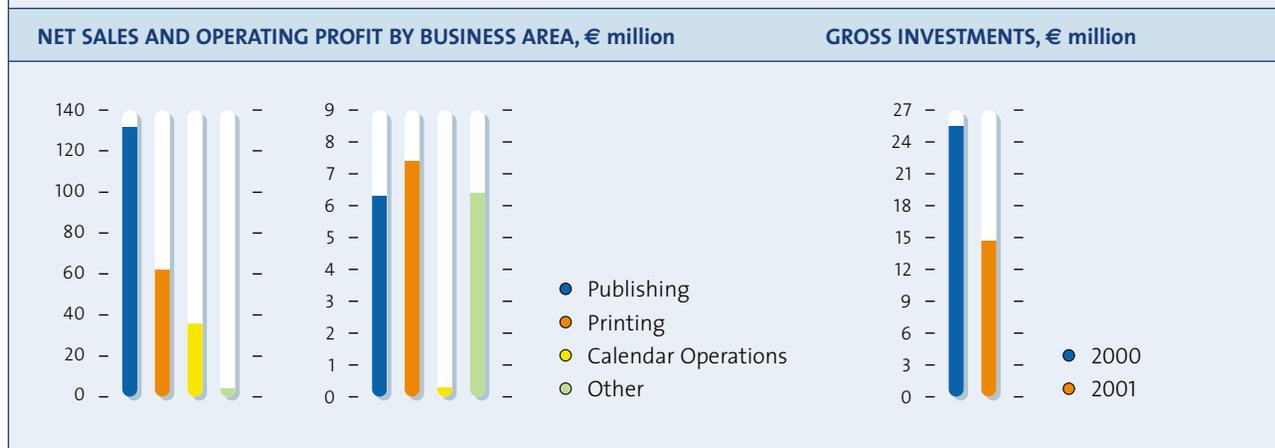
President Jorma Kaimio: "The year proved a good one for books, as we had projected, until the autumn, when book sales slowed, in line with the depressed public mood. In a year when people avoided large purchases, books were seen as excellent Christmas presents. Our titles were again at the top of many of the best-seller lists.

Developments in our Educational Materials and Calendar Operations Units were the high-points of the year. Marketing linked to textbooks for primary and comprehensive school students was especially successful. The work we have done to turn around performance at Calendar Operations has also begun to bear fruit. The award of the Finlandia Prize to a WSOY author, and the two nominations other writers received, were very welcome and highlight the work we do in promoting good fiction. The biggest disappointment of the year, however, was the virtual evaporation of the market for consumer CD-ROMs.

We were also successful in a number of our development projects. The first stage of the Opit Internet-based learning environment succeeded very well, given the demanding nature of the project. Genimap has also progressed in line with its plans.

In 2002, we project that WSOY's net sales will rise by 5%; we also expect our profitability to improve, particularly as a result of restructuring measures launched during 2001. Learning represents one of our most important focal areas. Overall, books continue to lie at the heart of WSOY's business."

KEY INDICATORS, € million			OPERATIONAL INDICATORS, 1.1 – 31.12		
	31.12.2001	31.12.2000		2001	2000
Net sales	211.0	203.4	Number of new titles published		
Operating profit	18.1	18.3	Books	622	612
% of net sales	8.6	9.0	Electronic products	123	175
Operating profit before goodwill amortisation	21.1	22.4	Number of reprints published		
% of net sales	10.0	11.0	Books	1 213	1 261
Operating profit excl. associated companies	9.5	10.5	Electronic products	257	260
% of net sales	4.5	5.2	Books printed, millions	22	23
Balance sheet total	281.3	277.1	Paper consumption, tonnes	13 139	12 174
Gross investments	14.7	25.5			
Return on investment, % (ROI)	8.9	8.9			
Personnel under employment contract, average	1 971	1 899			
Personnel, average (full-time equivalents)	1 863	1 803			



SUBSIDIARIES	ASSOCIATED COMPANIES	WSOY'S MANAGEMENT GROUP
<ul style="list-style-type: none"> Ajasto Osakeyhtiö Almanacksförlaget AB Emil Moestue as Nummi-Plast Oy Docendo Finland Oy Docendo Sverige AB Everscreen Oy (64%) Everscreen AB Genimap Oy (90%) (100% from 1.3.2002) Lönnberg Painot Oy Tummavuoren Kirjapaino Oy (80%) Weilin+Göös Oy Kustannusperintä Oy Bertmark Media AB WS Bookwell Oy WSOY Koulukanava Oy 	<ul style="list-style-type: none"> Rautakirja Oyj (31.73%) Taskukirja Loisto Oy (25%) Young Digital Poland S.A. (49%) 	<ul style="list-style-type: none"> Jorma Kaimio, President Jyri Ahti, Senior Vice President, Business Development Yrjö Franssila, President, Ajasto Osakeyhtiö Jaana Korpi, Managing Director, Weilin+Göös Oy Mikko Laine, Senior Vice President, eWSOY Hannu Laukkanen, Senior Vice President, Educational Material Jorma Mikkonen, Senior Vice President, Finance and Corporate Services Pekka Pätynen, Senior Vice President, Printing Operations Tuomo Räsänen, Senior Vice President, Business Information Touko Siltala, Literary Director Katja Vuorialho, Secretary to the Management Group; Corporate Counsel



○ Rautakirja's operations cover a broad area: press distribution, convenience store retailing, bookshops, cinemas, restaurants, and e-business. SanomaWSOY owns 57% of Rautakirja, which is listed on the

Helsinki Exchanges. • Rautakirja operates 714 R-kiosks in Finland and 202 R-kiosks in Estonia. In addition, it owns 50% of Narvesen Baltija, which operates nearly 500 convenience outlets in Latvia under the Preses Apvieniba and Narvesen brands. Veikkausrasti operates Finland's leading chain of betting shops. • Lehtipiste's marketing and distribution organisation supplies newspapers and magazines to some 8,400 outlets in Finland, while Lehepunkt, a 50%-owned joint venture, supplies publications to around 1,200 outlets across Estonia. • The Suomalainen Kirjakauppa chain of bookshops is the largest in Finland and includes 60 shops, four Yliopistokirjakauppa bookshops, and Reader's, a paperback shop in Helsinki. The company also owns 60% of the Estonian book retailer, Astro Raamatud. • Finnkino is Finland's largest cinema chain, and operates cinemas in Finland, Estonia, Latvia, and Lithuania, and imports films, primarily for video sales and rental operations and specialist cinema distribution. • Rautakirja's restaurant activities include the Eurostrada and MotoREST chains of highway service areas, and Pizza Hut restaurants. • Online gaming and entertainment activities in Finland are handled by Ferete, while Megapanus offers sport-related betting services in Estonia.

Retailing operations continue to expand

Erkki Järvinen appointed President & CEO

The year was the eighth in succession to see a growth in retailing in Finland. Retail sales rose by some 5.4% according to preliminary data from the Federation of Finnish Trade and Commerce. Sales at Rautakirja's various businesses developed slightly better than the market overall.

Net sales at Rautakirja totalled EUR 696.5 million, up 8% on 2000. Comparable sales rose by 5.3%. Sales developed well across all businesses, with a particularly successful Christmas season. 94.2% of net sales came from operations in Finland. Estonia accounted for 4.5%, Latvia 1.2%, and Lithuania, Rautakirja's newest market, for 0.1%. Growth was strongest, relatively speaking, in Estonia and Latvia, driven by new businesses acquired at the end of 2000 and during 2001.

The good progress seen in higher net sales was also reflected in profit performance. Rautakirja's operating profit rose by 17.7% and totalled EUR 42.6 million. Better performance was recorded in press distribution, bookshops, and restaurants. A capital gain of some EUR 7.8 million made on the sale of shares in Norwegian-based Reitan Narvesen in January 2001 contributed to Rautakirja's higher operating profit for the year. Financing income also rose, and profit before extraordinary items increased to EUR 45.7 million.

Investments totalled EUR 35.9 million (28.6 million). The largest single investments were the multiplex cinema opened in Tallinn in March, increasing Rautakirja's holding in Jokerit HC Oyj from 34.5% to 36.4%, the acquisition of a cinema company in Lithuania, and investments in new MotoREST outlets. The booking of fixed assets as investments

at Latvian-based convenience store and press distributor Narvesen Baltija SIA was also a factor; the company became a jointly owned company at the beginning of October when Rautakirja increased its holding from 35% to 50%.

Erkki Järvinen, Senior Vice President, Kiosk Operations, was appointed President & CEO as of March 30, 2001, following the appointment of Hannu Syrjänen as SanomaWSOY's President & COO.

Minor impact of Sunday opening

Sales at Kiosk Operations rose 6.8% and totalled EUR 359.8 million. Operating profit totalled EUR 14.8 million, down slightly on 2000's EUR 15.7 million as a result of ownership changes in Latvia and higher depreciation booked in Finland. Operational performance in Finland was at 2000 levels.

The year was a challenging one for R-kiosks in Finland. Legislation on opening hours was liberalised in respect of small shops, sales of Veikkaus betting and lottery products fell as a result of smaller lottery jackpots, and a major drop in demand for collectors' cards. Net sales at R-kiosks nevertheless increased by 3.7%, thanks to successful marketing and new product and service launches. Growth was strongest during the last quarter. The introduction of Sunday opening at small shops in January did not have a significant impact on sales at R-kiosks, but did bring tougher competition at some locations. The chain was able to adapt to the new situation rapidly, as upcoming changes in legislation had already been taken into account in business development planning.

Keeping the bottom line in mind

☞ *“My job is to develop our network of bookshops and reinforce the core business concepts that make them the successful outlets they are. Thinking creatively is important to coming up with new ideas, but at the same time you also need to keep a close eye on the bottom line. That’s why I’m here – to help grow the business, build our profit, and secure our future. Our SK 2000 project and the pilot shop we opened in Espoo were especially important last year, as they are aimed at helping us take a major step forward in further improving the quality of our service.”*

**JARMO OKSAHARJU, BUSINESS DEVELOPMENT MANAGER,
SUOMALAINEN KIRJAKAUPPA**



R-kiosks in Estonia were able to benefit from the increased strength of the chain in the country, and net sales there grew strongly. The majority of this growth came from 11 shops at Neste service stations, which switched over to the R-kiosk brand during the first half of the year. In Finland, net sales at betting shop chain, Veikkausrasti, grew by nearly 10%.

Kiosk operations in Finland are expected to grow modestly in 2002, while retaining existing good profitability levels. In addition to the Baltic countries, the impact of developing markets in Central Europe is also expected to increase.

Press distribution expands into Latvia

Net sales at Press Distribution increased by 7.1% to EUR 165.1 million; operating profit improved and totalled EUR 10.3 million (9.5 million). Sales were higher at both Lehtipiste in Finland and Lehepunkt in Estonia. Lehtipiste recorded 6.8% higher sales, driven by good sales of newspapers and tabloids in particular. While sales of weekly and monthly magazines rose, those of collectors’ cards declined sharply. Sales at Lehepunkt, in its second year of operation, rose by 17.6%.

Press distribution activities were expanded into Latvia in the second half. Lehtipiste signed a letter of intent in June with four Latvian publishers to start joint news stand distribution operations. As the conditions of the letter were not met, the agreement lapsed in September. Lehtipiste subsequently decided to launch joint press distribution operations with Reitan Narvesen through a jointly owned local company, Narvesen Baltija.

The Finnish press distribution market is expected to grow steadily in 2002. Press distribution is one of Rautakirja’s key areas of international expansion, and operations in this area in Latvia will be launched in spring 2002.

Promoting paperbacks

The year was a successful one for Rautakirja’s bookshops. Net sales in this area increased by 6.3% to EUR 113.9 million. Operating profit was also slightly up at EUR 6.7 million (6.0 million). Over a third of growth derived from operations in Estonia, which were included in the figure for 2000 only in respect of the last quarter. Comparable growth was 2.5%.

Sales of fiction in particular developed well. Sales of paperbacks also improved, and Suomalainen Kirjakauppa opened its first paperback-only outlet in Helsinki in September. Work also moved ahead on further developing the chain’s retail concept at its main outlets.

A national Apollo brand was introduced in the Estonian bookshop business. Marketing was integrated and chain-based operations introduced. These changes had a positive impact on net sales on Estonia’s small, but strongly developing bookshop market.

Suomalainen Kirjakauppa will begin introducing its revamped retail concept at outlets in spring 2002. Sites will also be scouted for extending the Reader’s concept beyond the pilot unit.

Better box office draws towards the end of the year

Net sales at Movie Theatre Operations totalled EUR 47.6 million, an increase of 9.1% on 2000. Growth was strong in the Baltic countries in particular; net sales in Estonia more than doubled following the opening of a new multiplex in Tallinn in March. In Finland, the early part of the year was slow, but growth picked up strongly towards the end of the year. Operating profit totalled EUR 2.0 million (2.5 million) and was adversely affected by a EUR 0.5 million one-time write-off on a ticket reservation system that is no longer in use.



A number of major box office successes came to Finnish cinema screens towards the end of the year. One of these was *The Lord of the Rings: The Fellowship of the Ring*. WSOY sold nearly 90,000 reprints of the original classic in 2001.

Work continued on developing cinema operations in Latvia and expanding into Lithuania. Finnkino acquired a 90% holding in the Lithuanian cinema operator, UAB Vingio kino teatras, in September, and started plans for a multiplex in Vilnius. The latter, which is budgeted at some EUR 8.4 million, is expected to be completed in early 2003. Rautakirja and Stockmann launched a joint project to build a department store and 14-screen multiplex in Riga in Latvia, to be completed in 2003. Rautakirja's share of the investment will be in excess of EUR 15 million.

A number of projected box office hits are expected to come to Finnish cinemas in 2002. Developments are expected to continue at a strong pace in the Baltic countries, and the multiplexes in both Riga and Vilnius are due to be completed in something over a year's time.

Integration of the Motorest chain continues

Net sales in the restaurant business increased by 10.4% to EUR 42.4 million, driven by the integration of additional Motorest outlets into the chain. Sales at Pizza Hut declined, as a result of a reduction in the number of the chain's outlets and a decision to concentrate the business on Greater Helsinki and large towns. Operations recorded a loss of EUR 1.1 million (2.2 million), as a result of one-off expenditure linked to the opening of new Motorest outlets.

The integration of Motorest outlets into the chain managed by Rautakirja will continue on a phased basis until completed in spring 2003. Net sales will increase as the number of outlets rise. The key challenge facing Rautakirja's restaurant business will be to improve profitability.

Online betting to begin soon

eBusiness operations recorded net sales of EUR 0.4 million and an operating loss of EUR 1.7 million. Net sales remained modest, as Ferete only really launched operations towards the end of the year. Performance was held back by start-up costs.

Ferete launched its online Hyvä Veto service in November. This offers betting tips, information on games and results, and editorial content on betting-related subjects. Online betting through the service will become possible in 2002 when Ferete begins marketing Fintoto's betting products. Investments in Dose shops and the Dose online outlet will continue in 2002. eBusiness operations are projected to record a loss in 2002.



Growth and international expansion continue to be key issues

President & CEO Erkki Järvinen: "The year was a varied one for Rautakirja, and coloured by a number of major challenges. The economic downturn was reflected in a certain degree of consumer caution, although consumer confidence remained good. The pattern of positive development in the retail sector in Finland, which has been typical for coming on to 10 years, continued and was somewhat better in part than initially projected. A number of new sales records were set during the Christmas season.

The year was a good one for Rautakirja's businesses. The largest challenge facing our kiosk business in Finland was the change in legislation on opening hours. The introduction of Sunday opening at small shops had an impact on sales at R-kiosks in the early part of the year, but this tailed off as the year progressed until it became almost purely location-specific. The dramatic events on the world stage were reflected in the success of our press distribution activities, and the sale of tabloids in particular. The latter part of the year brought an improvement in cinema operations when November and December saw some major box office hits come to the screen. Strong competition continued to be a feature of the fast food market, while the ebusiness area experienced a number of changes. Developments on the bookshop market were relatively stable in contrast.

In terms of international expansion, the year went as planned, and we continued to expand in the Baltic countries, coming closer to our goal of having a strong kiosk, press distribution, and cinema business in all three countries - Estonia, Lithuania, and Latvia.

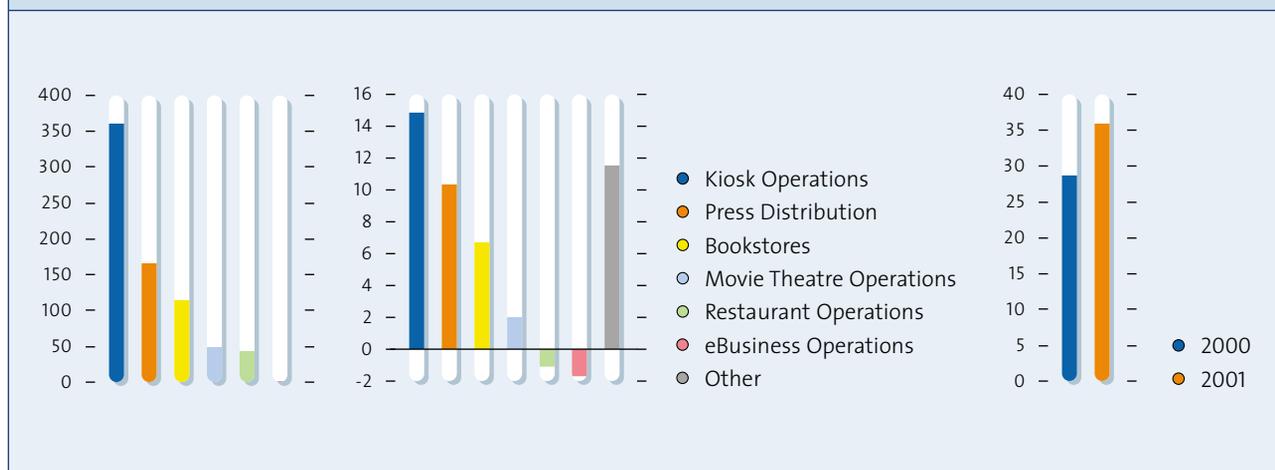
The growth prospects for our businesses in 2002 are positive. Although there is an element of uncertainty in the economic climate, this is not expected to have a significant impact on our activities. On the other hand, there are no major growth opportunities for us in our core businesses in Finland, and we will have to continue to expand internationally to achieve our growth targets. We do not intend to grow at the expense of good profitability, however.

We project that Rautakirja's net sales in 2002 will rise by in excess of 5%. We expect our result to come in below the record level seen in 2001, which included capital gains on sales of shares totalling EUR 8.4 million. Our operational result is expected to be at 2001 levels."

KEY INDICATORS, € million			OPERATIONAL INDICATORS, 1.1 – 31.12 *)		
	31.12.2001	31.12.2000		2001	2000
Net sales	696.5	644.6	Customer volume in kiosk operations, thousands	82 499	86 947
Operating profit	42.6	36.2	Customer volume in bookstore operations, thousands	6 629	6 508
% of net sales	6.1	5.6	Customer volume in movie theatres, thousands	3 351	3 876
Operating profit before goodwill amortisation	45.9	40.7	Number of copies sold (press distribution), thousands	136 700	136 299
% of net sales	6.6	6.3			
Operating profit excl. associated companies	44.0	37.4			
% of net sales	6.3	5.8			
Balance sheet total	412.7	365.5			
Gross investments	35.9	28.6			
Return on investment, % (ROI)	18.4	17.1			
Personnel under employment contract, average	5 877	5 534			
Personnel, average (full-time equivalents)	4 461	3 977			

*) Own units in Finland.

NET SALES AND OPERATING PROFIT BY BUSINESS AREA, € million	GROSS INVESTMENTS, € million
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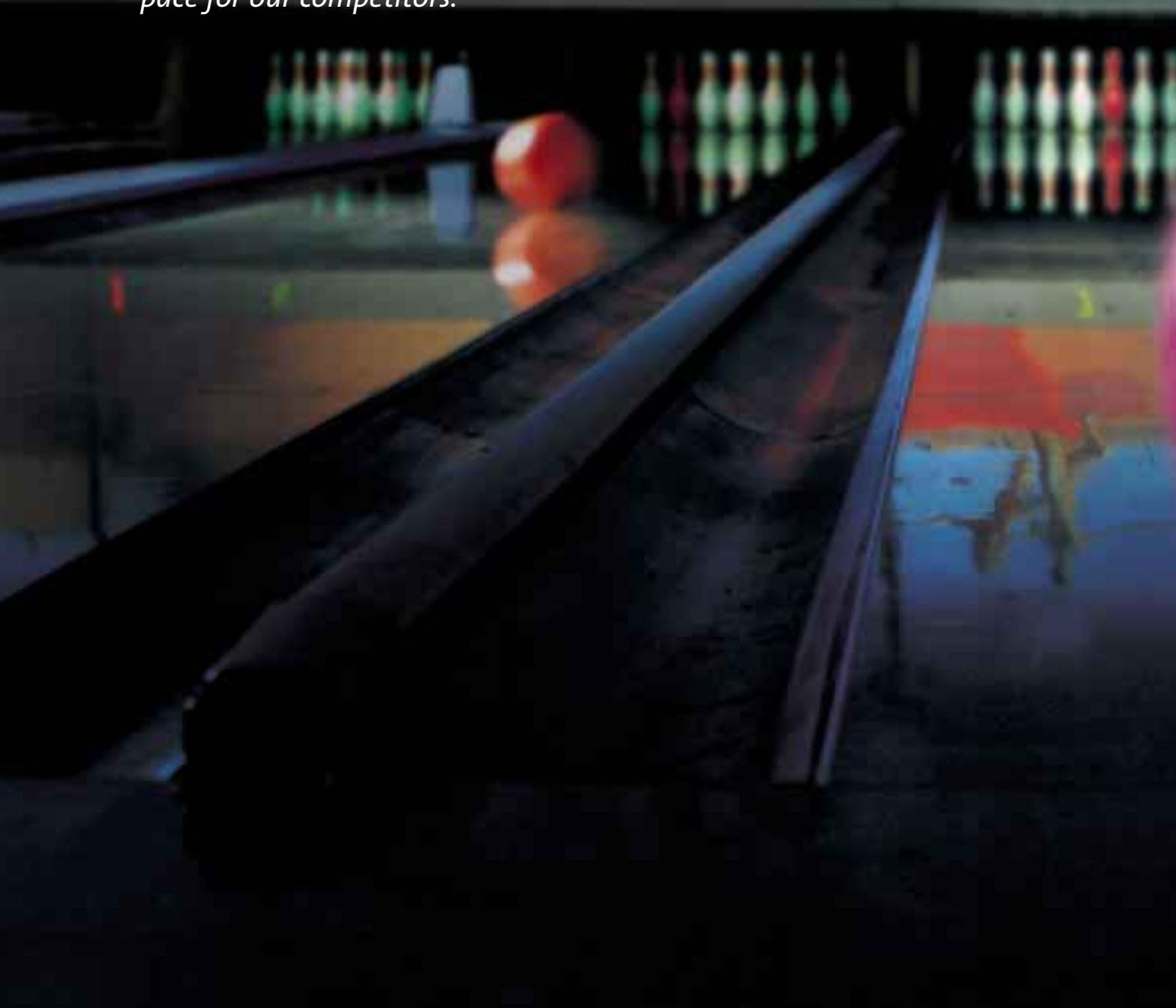


SUBSIDIARIES	ASSOCIATED COMPANIES	RAUTAKIRJA'S GROUP EXECUTIVE BOARD
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- | | | |
|---|---|---|
| <ul style="list-style-type: none"> • Eurostrada Oy • Foodstop Oy (99%) • Ferete Oy • Finnkinno Oy • AS MPDE • Baltic Cinema SIA (90%) • Interprint Oy • UAB Vingio kino teatras (90%) • Lehti-Maja Eesti AS • AS Megapanus (90%) • Suomalainen Kirjakauppa Oy • Astro Raamatud OÜ (60%) | <ul style="list-style-type: none"> • AB Districo International (25%) • AS Lehepunkt (50%) • JHC Arena Holding Oy (30%) • Jokerit HC Oyj (36.43%) • Kirjavälitys Oy (20.33%) • Narvesen Baltija SIA (50%) • a/s Preses Apvieniba (85%) • SIA Stockmann Centrs (35%) • Baltlab OÜ (33.33%) | <ul style="list-style-type: none"> • Erkki Järvinen, President & CEO • Raimo Kurri, Senior Vice President, Bookstore Business • Markus Miettinen, Senior Vice President, Press Distribution Business • Timo Mänty, Senior Vice President, Entertainment ja Leisure Business • Markku Pelkonen, Senior Vice President, Kiosk Business • Matti Salmi, Senior Vice President, Finance and Administration |
|---|---|---|

Dynamism

Being alive to change, anticipating how things will progress, and developing new approaches enable us to be dynamic and set the pace for our competitors.





Financial risk management and asset management

SanomaWSOY's financial position changed significantly following the acquisition of the Consumer Information Group in summer 2001. SanomaWSOY paid a sum of EUR 1,250 million for VNU's consumer magazines business equivalent to its enterprise value. The acquisition was funded by senior bank loans totalling around EUR 1 billion and a EUR 200 million convertible capital notes issue; trading in the subordinated notes of the latter began on the Helsinki Exchanges on September 6, 2001.

The Group's financing risks are associated with interest rate and equity-related risks, currency risks, credit risks, and liquidity risks. The objective of risk management is to identify these risks and hedge against them as appropriate. In practice, financing risks are linked to the loan portfolio and asset management activities. Interest expenses and interest rate risks associated with the loan portfolio, and financial income from asset management activities, have a significant impact on the Group's result.

SanomaWSOY's treasury and asset management activities are managed through the Parent Company's Group Treasury and Asset Management function, the operations of which are covered by a set of guidelines approved by the Board of Directors. In contrast to the rest of the Group's divisions, Rautakirja handles its treasury and asset management independently.

Interest rate risks

The Group's interest-related risks are mainly linked to changes in market interest rates affecting SanomaWSOY's loan portfolio. Interest-related risks are diversified using a mixture of fixed- and variable-interest instruments. Interest swap agreement, interest forward rate agreements, and options are used to hedge against interest-related risks. As of the end of 2001, variable-rate loans, including interest rate swap agreements, accounted for around 30% of the loan portfolio. SanomaWSOY's loan portfolio is largely comprised of bank loans (six-month reference rate), commercial paper (one-month), the Group's convertible capital note issue, and other smaller loans.

Equity-related and interest rate risks in asset management

Interest rate and equity-related risks are linked to the Group's asset management activities. The operations of the Asset Management Unit are based on an efficient diversification of risk through securities representing a range of geographical areas and industries. Equity investments comprise shares in listed companies and are concentrated in liquid stocks of global blue chip companies. Interest-bearing investments mainly comprise short-term deposits and

money market investments. Fixed-income securities were realised in autumn 2001 to finance the CIG acquisition. The focus is on enabling funds to be available for the needs of the Group's businesses. Derivatives are used actively to manage the risk profile of the portfolio.

Currency risks

Currency risks are mainly associated with the Group's asset management activities, as the bulk of the operational cash flow is Euro-based. The Group's business outside the Euro area currently represents under 10% of SanomaWSOY's overall net sales. Significant currency risks are hedged.

Liquidity risks

Liquidity risks are linked to debt servicing, payment of dividends, financing investments, and maintaining a sufficient level of working capital. SanomaWSOY aims to minimise its liquidity risks by ensuring a sufficient level of income financing, maintaining adequate credit lines and asset reserves, and by balancing repayment programmes over a number of calendar years.

Credit risks

SanomaWSOY's credit risks are associated with its normal business activities and the Group's asset management activities. To minimise counterparty risks in asset management operations, the Group only selects investments and does business with counterparties and partners that are considered of a leading and reputable nature.

Asset management result in 2001

Net income from treasury and asset management operations in 2001 totalled EUR -4.0 million. Financial revenue totalled EUR 42.9 million, and financial expenses totalled EUR 46.9 million. Financial revenue principally derived from realised capital gains on sales of equities and dividends. Financial expenses were primarily unrealised write-downs on the value of equities (EUR 12.8 million) and clearly increased interest expenses linked to the CIG acquisition (EUR 29.7 million). Asset allocations and trading performed well, given the difficult market conditions. Moves were initiated towards the end of the year to hedge the loan portfolio against changes in interest rates, to realise fixed-income instruments, and reduce share-related risks. Action was started to reduce the financing costs associated with the CIG acquisition.

The market value of SanomaWSOY's asset management equity portfolio at the end of 2001 totalled EUR 172 million, and its book value totalled EUR 119 million.

Social and environmental accountability



Accountability is seen from a broad perspective at SanomaWSOY. As well as responsibility for the Group's employees and the environment, it is also seen in terms of a wider responsibility for how SanomaWSOY operates and behaves in society generally. As the largest media group in the Nordic region, SanomaWSOY carries a major responsibility for how methods and materials used in the media are developed. Expansion into new markets further afield has brought with it new issues related to social accountability. SanomaWSOY's commitment is to be a financially independent, non-aligned publisher and defender of freedom of speech and opinion.

The challenge of a product's entire life cycle

Ensuring a minimum of negative environmental impact in respect of printing plants, paper, and other printing-related materials – and working to achieve high levels of efficiency in logistics and recycling – are particularly important issues for a media company such as SanomaWSOY. The critical factors here are paper usage, logistics, and waste. Our aim is to understand and manage the entire life cycle of our print products, from basic materials to recycling. The Group's printing plants, which total 13 in all, play a central role in environmental initiatives. SanomaWSOY's rapid expansion

outside Finland represents an additional challenge.

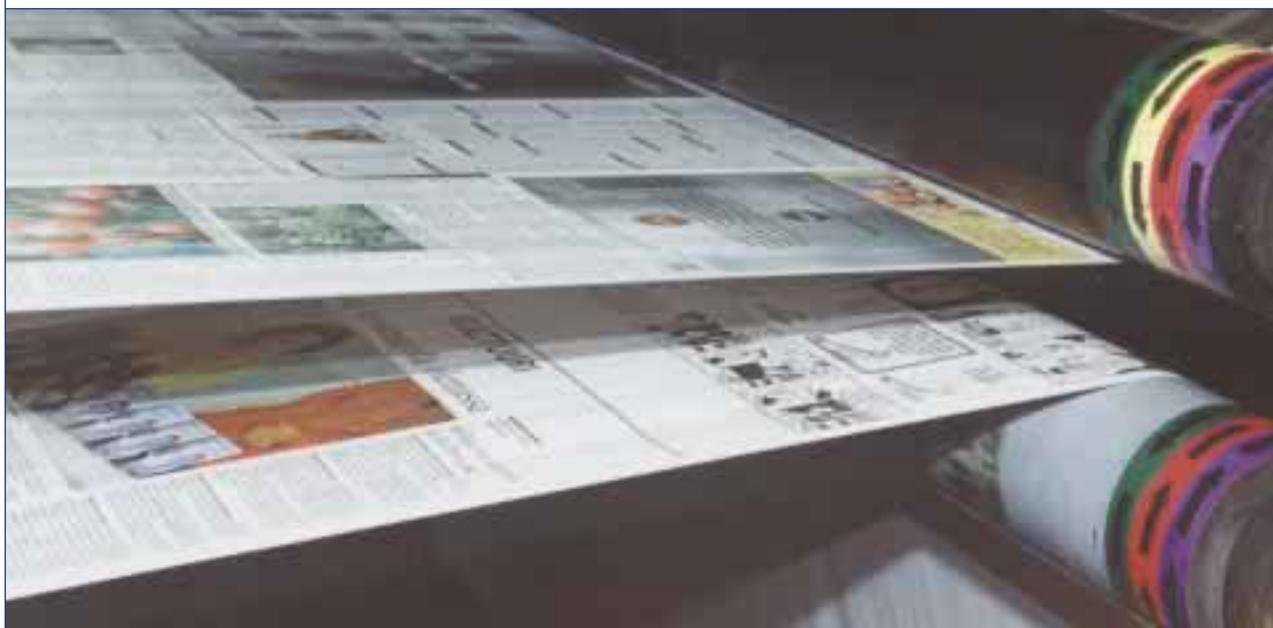
Each of SanomaWSOY's divisions – Sanoma, Sanoma Magazines, SWelcom, WSOY, and Rautakirja – are independently responsible for their environmental strategies. Sanoma has a comprehensive environmental strategy, and WSOY is in the process of creating an integrated environmental strategy covering all of its printing operations. Sanoma Magazines' environmental principles are contained in the division's business principles, which were published at the end of 2001. SWelcom and Rautakirja do not have an environmental strategy as yet.

229,000 tonnes of paper a year

SanomaWSOY's various operations used some 110,000 tonnes of newsprint, 101,000 tonnes of magazine paper, 17,000 tonnes of fine and book paper and board, and 1,000 tonnes of bookbinding board in 2001.

The largest single users of newsprint are Helsingin Sanomat and Ilta-Sanomat, both of which are printed principally on Finnish paper. This is typically manufactured from pulp produced from spruce thinnings. Small quantities of pulp produced from recycled paper are also used.

Under the operating principles followed by Sanoma Magazines, particular attention is given to environmental



considerations when selecting paper suppliers. The division prints magazines on a variety of papers.

Close to 80% of the newspaper waste generated annually in Finland is collected for recycling. In line with Sanoma's environmental policy, readers are encouraged to ensure that they recycle papers after they have read them. In SanomaWSOY's largest magazines market, The Netherlands, a joint agreement between printers, publishers, and the state has been introduced to reduce the usage of packaging materials and encourage the recycling of magazines and other material. Sanoma Magazines' aim, in line with its environmental principles, is to work towards increasing the amount of magazine paper that is recycled. Rautakirja's Lehtipiste collects and recycles unsold copies of newspapers and magazines in Finland.

CTP reduces hazardous waste

All but one of SanomaWSOY's 13 printing plants is located in Finland; the only unit elsewhere is in Norway. The Group operates newspaper printing facilities in Greater Helsinki, Forssa, and Varkaus; rotary printing units in Kouvola and Lappeenranta; book printing units in Porvoo and Juva; offset and silk screen printing units in Greater Helsinki; calendar printing units in Greater Helsinki and Norway; and a digital printing facility in Greater Helsinki.

Printing generates a certain amount of hazardous waste, in the form of waste printing ink, washing solvents, oil, and fixative and developer. The introduction of new

methods – in particular, the virtual complete switchover to computer-to-plate (CTP) technology by Sanoma and WSOY – has seen the volume of this waste decline significantly, particularly in the area of silver halide and related chemical waste.

The largest printing-related modernisation project currently under way is that being implemented by Sanoma, which is to install two new printing presses at Sanomala. This new technology will further reduce the level of Sanoma's environmental impact. The partial introduction of heat set, to be used for printing advertising material and inserts for Helsingin Sanomat, will reduce emissions, for example. The new machinery is due to be commissioned in 2003.

Many of SanomaWSOY's printing units comply with the requirements of the Nordic Swan ecolabel and also have ISO standard certification. The production methods and materials used by WSOY's Printing Unit are Nordic Swan approved. The three companies in the Lönnberg Painot Group (F.G.Lönnberg, Sävyaino, and Mainos ja Etiketti) all have ISO 9002 quality systems, while WS Bookwell and Ajasto have ISO 9001 quality systems. Ajasto's subsidiaries in Sweden and Norway, Almanacksförlaget and Emil Moestue, have environmental management systems certified to the ISO 14001 standard. Quality issues at Sanoma are handled internally and external certification has not been applied for.

The largest user of outside contract printers within SanomaWSOY is Sanoma Magazines. The division's business principles emphasise that special attention should be paid to reviewing to what extent a supplier complies with national environmental legislation and the requirements of ISO standards. Sanoma Magazines' largest printer, Dutch-based RSDB, together with its various units, has a total of 17 ISO 14001 certificates. Sanoma Magazines Finland prints the majority of its magazines at its associate company, Hansaprint, which is Nordic Swan-certified and has various ISO 9001, ISO 9002, and ISO 14001 certifications.

Joint logistics mean better efficiency and greater savings

SanomaWSOY's largest producers and users of logistics services are Leijonajakelu, Rautakirja, and Sanoma Magazines.

Joint transport services and the decentralisation of printing plants around Finland have significantly reduced logistics loadings. Deliveries of WSOY books to dealers and bookshops are handled on a joint basis with other publishers, and Rautakirja's Lehtipiste uses a similar system for delivering news stand copies of magazines and tabloids. Sanoma has printing plants located in Greater Helsinki, Forssa, and Varkaus. Copies of Ilta-Sanomat for the northern Finnish market are printed out of house in Oulu.

A study on ways of enhancing the efficiency of logistics associated with WSOY's printing operations and Ajasto's calendar business was completed in 2001, and reorganisation based on the results of this has been initiated.

Working with schools

Promoting freedom of speech and opinion, and working to foster literary skills among children and young people, are central components of SanomaWSOY's social accountability.

Many SanomaWSOY units work with schools to promote young people's interest in the written word and media literacy. Helsingin Sanomat has operated Piste, a unit designed to give schoolchildren and students a hands-on opportunity to experience what working on a paper is like, since 1999. Some 20,000 young people from around the country have visited the unit. A group of students selected from five high schools take part in producing their own page in Helsingin Sanomat once a year as part of the 'A Day as a Journalist' event. During Newspaper Week, Helsingin Sanomat devotes part of its content to items for schools, and the paper's journalists visit schools.

Sanoma Magazines Finland takes part in schools' magazine days. The company also has a partner school in Tampere, students from which have the opportunity to familiarise themselves with magazine production. WSOY also has a partner school in Helsinki, with which various projects are coordinated every year. WSOY's Educational Materials Unit cooperates with the Finnish branch of

Unicef and the Finnish Association on Mental Retardation. A module on children around the world was produced for the Opit Internet-based eLearning environment in collaboration with Unicef in 2001; and a special version of WSOY's ABC was produced for disadvantaged children together with the Finnish Association on Mental Retardation.

Three independent foundations operate in Finland supporting researchers and writers on the basis of funds originally provided by Sanoma, Lehtikuva, and WSOY. The Päivälehti Archives Foundation promotes and supports freedom of speech and associated historical research, together with other cultural activities. In 2001, the Foundation opened the Päivälehti Museum in Helsinki, which profiles the history of Päivälehti, Helsingin Sanomat, and the Finnish press in general. Helsingin Sanomat Centennial Fund fosters and supports broad-based, independent research in Finland. The WSOY Literature Foundation distributes grants to writers annually. The largest of these to be distributed in 2001 went to Finland's school libraries. In total, these three foundations distributed grants and donations totalling approximately EUR 1.1 million in 2001.

Human resources



Number and international spread of personnel both increased

SanomaWSOY's personnel rose in both number and geographical distribution during 2001. The number of personnel in salaried employment totalled an average of 15,129 (13,364). As of the end of the year, the Group had operations in 15 countries and over 18,000 employees. This growth was largely the result of the CIG acquisition and the expansion of Rautakirja's activities in the Baltic countries. Over 3,700 employees joined the Group as a result of the CIG acquisition. Translated into full-time positions, the average number of personnel totalled 12,007 (10,350). Sanoma Magazines employed an average of 1,828 people, Sanoma 4,929 (4,704), SWelcom 441 (325), WSOY 1,971 (1,899), and Rautakirja 5,877 (5,534). The Group's Parent Company employed an average of 83 people (89).

The principles followed by SanomaWSOY in recruiting, remunerating, motivating, managing, and developing personnel are defined in the Group's human resources policy. The latter is the responsibility of SanomaWSOY's Parent Company, together with that for creating the framework for developing the skill base of the Group's personnel. SanomaWSOY's divisions are responsible for their own human resources policy, occupational health care, and personnel development.

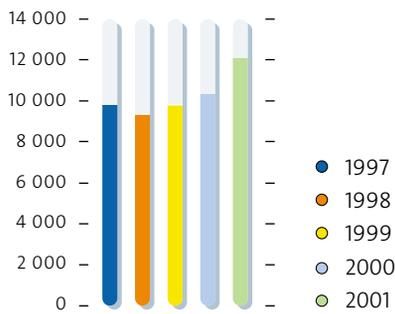
The expanded international reach and growth of

SanomaWSOY's activities offer new opportunities for personnel. Skills, imagination, and innovation are required to meet these challenges, together with common sense, caution, an ability to take manageable risks, and a sense of responsibility. Supporting and motivating personnel at times of change calls for clearly defined objectives, appropriate resource allocation, and ongoing training and learning by doing. Personnel are rewarded for a job well done and for achieving objectives, both financially and by offering attractive opportunities for career advancement and personal development.

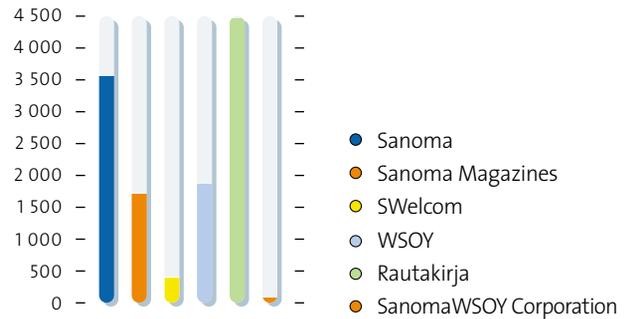
Major new training programmes under way

SanomaWSOY launched two major, Group-wide training programmes in 2001 designed to develop international management competence across organisational boundaries. The content of these programmes is based on the Group's strategic objectives. The SanomaWSOY Executive Program (SWEPE) is focused on developing international business skills, strategic vision, leadership, and project and process management. The programme is being implemented in cooperation with the Helsinki University of Technology. Leading international figures who took part as lecturers and course leaders during 2001 included Yves Doz, Kathleen Eisenhardt, Robert Kaplan, Fons Trompenaars, and Michael Tushman. The Management Training Program, intended for

**PERSONNEL, AVERAGE
(full-time equivalents)**



**PERSONNEL BY DIVISION, AVERAGE
(full-time equivalents)**



younger managers and specialist personnel, focuses on management skills and operational business management, and understanding corporate financials.

Around 100 people annually will attend each programme for some 18 months. Within five years, a total of some 800 people will have attended. On an annual level, the two programmes involve between 5,000 and 6,000 training days.

The focus in training for specialist personnel in 2001 was on important, key issues for SanomaWSOY, such as international expansion. A series of open lectures was arranged on doing business around the Baltic Rim, the media market and competitive situation, and the Group's growth potential.

Development projects for various levels of personnel were arranged in the Sanoma School of Journalism and Sanomain Ammattiopillaitos (Sanoma Vocational College). A one-year new media training course, covering content design and creation for Web-based services and publications, was completed.

The Media Training Programme continued. Young people in the programme join growth and development projects around the Group for a period of 18 months. The programme is aimed at training new media professionals, sharing knowledge across the Group, and expert networking.

Some personnel administration functions outsourced

A proportion of the Group's personnel administration functions were outsourced during 2001, such as payroll management, with the exception of Rautakirja. A new salary payment system was also introduced, together with two Group-wide personnel information systems, designed to enhance access to real time information and improve the efficiency of payroll management. Administrative processes have been consolidated, and new administrative patterns introduced. Development work on these is continuing. These changes will enable the Group's human resources expertise to be focused more effectively on personnel development and supporting the Group's businesses.

Performance-related incentive systems in place across the Group

To promote the achievement of challenging financial targets, SanomaWSOY operates incentive systems designed to foster personnel's commitment to business goals and change processes, and remunerate people for good performance and results. In addition to skill-based salary, personnel receive one-off bonuses. Divisions operate short- and long-term incentive systems tied to their particular businesses. A stock option has been introduced for senior management, with the exception of Rautakirja. Details on this can be found under Corporate Governance.

All divisions operate profit-related bonus systems. The total amount of bonuses paid varies according to people's job description. In addition, Sanoma and Sanoma Magazines Finland operate personnel funds; the profit sharing sums payable by these funds are coordinated with profit-related bonuses. Rautakirja operates a long-term incentive system for its personnel.

Corporate governance

The SanomaWSOY Group comprises five divisions: Sanoma, Sanoma Magazines, SWelcom, WSOY, and Rautakirja. The Group fully owns all the above divisions, with the exception of Rautakirja, which is a listed company on the Helsinki Exchanges and in which the Group has a 57% holding. The Parent Company, SanomaWSOY Corporation, is responsible for administering the Group and for its finance, legal, planning, treasury and asset management, investor relations and group communications, and real estate functions.

SanomaWSOY follows the principles concerning the governance of public companies recommended by the Helsinki Exchanges and issued by the Finnish Central Chamber of Commerce and the Confederation of Finnish Industry and Employers. The Board of Directors has confirmed the Group's corporate governance principles.

The group's senior administrative responsibilities are covered by the Board of Directors and the President & COO, whose duties essentially reflect those laid down by the Finnish Companies Act.

Board of Directors

The members of the Board of Directors, the Chairman, and his Deputy are elected by the Annual General Meeting of Shareholders (AGM). The number of Board members can vary between five and 11. In addition, a maximum of two personnel representatives can be elected to the Board.

The terms of office of Board members begin at the conclusion of the AGM and end after the following third AGM. If a member's seat falls vacant before the end of this three-year period, a new member is elected for the remainder of the period in question. The Articles of Association stipulate that no person aged 75 or who will reach the age of 75 during his term in office can be elected to the Board.

The Board is responsible for the overall management of the Group and organising its administration. The Board is also responsible for ensuring that the Group has a functioning set of governance principles. The Board is responsible for appointing SanomaWSOY's President & COO and his deputy, and for appointing the presidents and deputies of divisions, the Parent Company executives who sit on SanomaWSOY's Management Group, and the Senior Editors-in-Chief of Helsingin Sanomat and Ilta-Sanomat.

The current Board has 11 members and its term of office will end at the AGM in 2002. Its members include the following people in the Group's employ: the Chairman & CEO, Jaakko Rauramo, the President & COO, Hannu Syrjänen, and the President of Lehtikuva Oy, Rafaela Seppälä.

Matters to be presented to the Board are prepared, in accordance with the Articles of Association, by the Executive

Committee, which consists of the Chairman & CEO, Jaakko Rauramo, the Vice Chairman, Esko Koivusalo, and the President & COO, Hannu Syrjänen. The Board is empowered to establish other committees. A Compensation Committee and an Audit Committee were active during 2001. The Compensation Committee's members as of the end of the year were Esko Koivusalo (Chairman), Robin Langenskiöld (Vice Chairman), Jane Erkko, and Marjukka af Heurlin; while the Audit Committee consisted of Kyösti Järvinen (Chairman), Paavo Hohti (Vice Chairman), Robert Castrén, and Jane Erkko.

Chairman & CEO

Aatos Erkko served as the Chairman of the Board between January and March 2001. Jaakko Rauramo served as full-time Chairman & CEO between April and December 2001.

The Chairman & CEO is responsible for drafting matters to be put before the Board in collaboration with the President & COO, and for chairing Board meetings and those of the Executive Committee. The Chairman & CEO's specific area of responsibility lies with the Group's strategic decisions and positions and strategic HR matters. In addition, he is responsible for handling a broad range of the Group's external contacts together with the President & COO.

The Chairman & CEO does not take part in the operational management of the Group on a regular basis. In separately agreed cases, the Chairman & CEO can participate in operational management, particularly in respect of growth and international expansion projects. The management and supervision of the CIG acquisition was the responsibility of the Chairman & CEO.

President & COO

Jaakko Rauramo served as President & CEO of SanomaWSOY Corporation between January and March 2001; Hannu Syrjänen served as President & COO between April and December.

The President & COO is independently responsible for the operations of the Group in line with strategic plans, budgets, and action plans approved by the Board and in accordance with general principles approved by the Board. The President & COO is responsible for handling day-to-day management issues and for drafting matters to be put before the Board and for presenting these matters to the Board.

The President & COO serves as the Chairman of the Boards of Directors of SanomaWSOY's divisions, unless otherwise agreed.

Remuneration

The Board is responsible for confirming the terms and conditions of employment of the President & COO and the other members of senior management. The Board has set up a four-member Compensation Committee to consider remuneration issues within the Group. The AGM is responsible for confirming the compensation paid to the Board.

As of the beginning of 2002, SanomaWSOY has a system of warrants for all senior managers with the exception of Rautakirja. The system comprises a maximum of 4,500,000 warrants, each entitling the holder to one SanomaWSOY Corporation Series B share. The warrants will be distributed in three stages, at the turn of 2001/2002, 2002/2003, and 2003/2004 (identified as warrants 2001A, 2001B, and 2001C respectively). A maximum of 1,500,000 warrants in each category will be issued. A total of some 700,000 warrants were issued to 101 senior managers at the beginning of 2002; the remainder have been retained for later distribution at the discretion of the Board. The subscription price in all three stages will be the average price of SanomaWSOY's Series B share as quoted in November-December in each of the three years in question (2001, 2002, and 2003) plus 20%. The subscription price for 2001A warrants was set at EUR 12.74. The subscription period will begin three years after issue and will continue for three years from that point.

The Board of Directors is paid monthly compensation: EUR 5,000 to the Chairman, EUR 4,000 to the Vice Chairman, and EUR 3,000 to members. A sum of EUR 170 is paid for attending meetings. Board members, with the exception of the President & COO, do not come within the scope of the warrant system.

Remuneration and other benefits paid to SanomaWSOY management in 2001 totalled EUR 7.0 million (5.2 million). Management in this respect covers the members of SanomaWSOY's Board of Directors, the President & COO and his deputy, the presidents of the parent companies of the Group's divisions, and their possible deputies. This sum only covers the remuneration and benefits paid to persons in these positions during the accounting year.

The Chairman & CEO since March 29, 2001, Jaakko Rauramo, was paid remuneration, bonuses, and other benefits totalling some EUR 601,700 in 2001. This figure includes remuneration for his time as President & CEO at the beginning of the year. Jaakko Rauramo is entitled to retire after the age of 60 on a pension of 60% of his salary when he or the Company wishes under his contract of employment as Chairman & CEO and under the terms of Sanoma Corporation's pension fund. SanomaWSOY's President & COO since March 29, 2001, Hannu Syrjänen was paid a total of some EUR 321,380 in remuneration and benefits in 2001. Under his contract of employment, Syrjänen will retire when he reaches the age of 60, unless otherwise agreed, and his pension will be approximately 60% of his salary. His period of notice is six months and payment in the case of termination of employment is equivalent to 18 month's salary. Syrjänen holds 50,000 warrants.

The retirement age of other senior executives is 60 years and their pension around 60% of their salary. The period of notice for senior executives is six months and payment in the case of termination is equivalent to 12 month's salary.

System of control

The Board selects an Audit Committee from among its members annually, responsible for improving the Company's financial reporting and the reliability of internal control procedures. The Audit Committee consists of four members, but all Board members are entitled to attend meetings. Meetings are also attended, where appropriate, by the Company's external auditors, the President & COO, the CFO, and other persons relevant to the matters under discussion.

The Audit Committee is responsible for reviewing the Company's year-end statement and at least one of its interim reports prior to their final consideration by the Board, and for ensuring the functioning of the Group's operating guidelines and authorities, monitoring systems, and internal auditing. The Audit Committee is also responsible for monitoring the principles of the Group's treasury and asset management activities, reviewing the reports of external auditors, proposing possible actions to be decided on by the Board, and handling any other duties assigned by the Board.

SanomaWSOY's internal auditing, with the exception of Rautakirja, is handled by the Parent Company's Internal Auditing Department.

Risk management

SanomaWSOY's risk management is covered by a risk management policy approved by the Board. Surveying business risks and managing risks are also handled by the Parent Company. Business risks include those associated with acquisitions, product development, product profitability, new products, marketing, asset management, contracts, and environmental issues. In addition to the Group's risk management policy, other risk management tools include Group and divisional policies and guidelines.

The Board is responsible for monitoring the Group's asset management. The President & COO is responsible for arranging the appropriate bookkeeping and control mechanisms. The Group's financial performance is monitored on a monthly basis using a Group-wide operational planning and monitoring system. This provides data on actual performance, current projections, and plans for the current year and for the next 12-month period.

The creation of Sanoma Magazines increased the Group's net sales significantly. The risks associated with the new division's business are largely the same as the Group's were before, but the geographical spread of risks has changed considerably. Some 40% of SanomaWSOY's net sales now comes from outside Finland; business outside the EU accounts for under 10%.

Risk management is described in more detail in the section on Financial risk management and asset management.

Board of Directors



The Board met 13 times during 2001.

Jaakko Rauramo, born 1941, M.Sc.(Eng), Chairman & CEO of SanomaWSOY Corporation

- President & CEO of SanomaWSOY between 1999 and 2001. Served as President of Sanoma Corporation between 1984 and the creation of SanomaWSOY in 1999. Joined Sanoma in 1966, elected to the Board in 1979, and served as General Manager at Sanomaprint, General Manager of the Newspaper Division, and as Sanoma's Executive Vice President.
- Sits on the boards of: Metso Corporation, Rautakirja Oyj (vice chairman), Sanoma Magazines B.V. (chairman of the Executive Board), Svenska Dagbladet AB, the Scandinavian International Management Institute Foundation, the European Publishers Council, and Reuters Founders Share Company Limited (trustee). Jaakko Rauramo is also a member of the Advisory Board of the Helsinki School of Economics, the Delegation of the Finnish Central Chamber of Commerce and the Helsinki Chamber of Commerce, and the Honorary Delegation of the Student's Union of the Helsinki University of Technology.
- Owns 2,452 SanomaWSOY Series A shares and 34,544 Series B shares, together with 5 note units of SanomaWSOY's Convertible Capital Notes 2001.

Esko Koivusalo, born 1936, Professor, Vice Chairman of the Board

- Served as Secretary-General of the Alfred Kordelin Foundation until June 30, 2001. Served as a member of WSOY's Supervisory Board between 1983 and 1991, and as its chairman between 1991 and 1999.
- Sits on the boards of: Taluttaja Oy, the Alfred Kordelin Society, and the Arvo and Lea Ylppö Foundation.
- Owns 20 SanomaWSOY Series A shares and four Series B shares.

Robert Castrén, born 1957, B.Sc., (Econ)

- Sales & Marketing Director at UPM-Kymmene Oyj subsidiary, Seven Seas Oy, since 2000. Held various marketing position with UPM-Kymmene Oyj and its predecessor, Kymmene Oy, since 1991. Prior to that, he worked for Finnppap and Lamco Paper Sales.
- Sits on the board of: Sanoma Corporation (vice chairman).
- Owns 7,040 SanomaWSOY Series A shares and 13,172 Series B shares.

Aatos Erkkö, born 1932, KBE, Doctor of Social Sciences h.c.

- Chairman of SanomaWSOY Corporation between 1999 and 2001. Chairman of Sanoma Corporation between 1972 and 1999, Vice Chairman of the Board between 1965 and 1972, CEO of Sanoma Corporation between 1965 and 1976, and a member of the Board since 1957. Editor-in-Chief of Helsingin Sanomat between 1961 and 1970 and Editor-in-Chief of Viikkosanomat between 1953 and 1961.
- Sits on the boards of: Oy Asipex Ab (chairman), News Corporation Limited, the Päivälehti Archives Foundation (chairman), the Helsingin Sanomat Centennial Foundation (chairman), Sanoma Inc. (chairman), and Sanoma Finance AG (chairman).
- Owns 5,125,832 SanomaWSOY Series A shares and 26,041,660 Series B shares.

Jane Erkkö, born 1936

- Served on the Board of Sanoma Corporation between 1990 and 1999 and on that of Helsinki Media Company Oy as vice chairman between 1995 and 1999.
- Owns 43,808 SanomaWSOY Series A shares and 200,024 Series B shares



Marjukka af Heurlin, born 1943, M.A. (Agriculture and Forestry)

- Serves as a nutritionist at the Social Insurance Institution's Rehabilitation Services Unit. Served as a member of WSOY's Supervisory Board between 1980 and 1999.
- Sits on the boards of: Heurlin-Invest Oy (chairman) and Marjukka af Heurlin Oy (chairman).
- Owns 53,760 SanomaWSOY Series A shares and 29,220 Series B shares.

Paavo Hohti, born 1944, Ph.D.

- Secretary-General of the Finnish Cultural Foundation. Served as Vice Chairman of WSOY's Supervisory Board between 1994 and 1999 and a member between 1991 and 1994.
- Sits on the boards of: Huhtamäki Corporation (vice chairman), Werner Söderström Corporation's Literature Foundation (chairman), the Foundation of the Finnish Institute in Athens, and the Foundation of the Finnish Institute in Rome (chairman).
- Owns 824 SanomaWSOY Series B shares.

Kyösti Järvinen, born 1933, B.Sc. (Econ)

- Served in various positions in Kansallis Banking Group's and Merita Bank Plc's domestic and international operations between 1956 and 1996.
- Sits on the boards of: the Finno-Ugrian Society and the Kalevala Society.

Robin Langenskiöld, born 1946, B.Sc. (Econ)

- Served as a member of Sanoma Corporation's Board of Directors between 1990 and 1999 and that of Helsinki Media Company Oy between 1995 and 1999.
- Sits on the board of: Pentcentra Oy.
- Owns 1,119,604 SanomaWSOY Series A shares and 6,577,712 Series B shares.

Rafaela Seppälä, born 1954, M.Sc. (Journalism)

- President of Lehtikuva Oy since April 1, 2001. Served as Project Manager at Helsinki Media Company Oy between 1994 and 2000, and as a member of Sanoma Corporation's Board of Directors between 1994 and 1999.
- Sits on the boards of: Lehtikuva Oy, Compad Oy (chairman), the European Pressphoto Agency (EPA), the Finnish Foundation for Cardiovascular Research, the Ornamo Foundation, the Museum of Finnish Architecture, and Sernita Oy (chairman).
- Owns 1,119,600 SanomaWSOY Series A shares and 6,577,716 Series B shares.

Hannu Syrjänen, born 1951, B.Sc. (Econ); Master of Laws, President & COO of SanomaWSOY Corporation

- Appointed President & COO of SanomaWSOY on March 29, 2001. Joined Rautakirja in 1989 and served as Vice President and Executive Vice President & Deputy CEO before being appointed President & CEO in 1998. Previously served as Vice President at the TS Group, Vice President at Wihuri Oy, and Managing Director of Finnish Lawyers Publishing Oy.
- Sits on the boards of: SanomaWSOY Corporation, Sanoma Magazines B.V. (vice chairman of the Executive Board), Sanoma Corporation (chairman), SWelcom Oy (chairman), Werner Söderström Corporation (chairman), Rautakirja Oyj (chairman), Districo International AB (chairman), Indoor Group Oy, JHC Arena Holding Oy, Song Networks Oy, Ilmarinen Mutual Pension Insurance Company (member of the Supervisory Board), the Finnish Scouts Foundation (Supervisory Board), and the National Defence Support Association (Committee member).
- Owns 4,000 SanomaWSOY Series B shares and 5 note units of SanomaWSOY's Convertible Capital Notes 2001.

A complete list of SanomaWSOY's insider holdings, updated monthly, can be found at www.sanomawsoy.fi. The share ownership information shown on Pages 46–49 refers to December 28, 2001.

Management Group



From left to right: Nils Ittonen, Eija Ailasmaa, Jorma Kaimio, Kerstin Rinne, Hannu Syrjänen,

Hannu Syrjänen, born 1951, *B.Sc.(Econ), Master of Laws, President & COO, SanomaWSOY Corporation*

- See entry on Page 47.
- Sits on the boards of: See entry on Page 47.
- Owns 4,000 SanomaWSOY Series B shares and 5 note units of SanomaWSOY's Convertible Capital Notes 2001.

Eija Ailasmaa, born 1950, *M.Sc. Executive Vice President, Sanoma Magazines B.V.; President, Sanoma Magazines Finland Corporation**

- Served as President of Helsinki Media Oy in 2000 and 2001, as Executive Vice President and General Manager, Magazines at Helsinki Media Company Oy between 1998 and 2000. Prior to this, she served as Vice President, Publishing at Sanoma Corporation's Sanomaprint and Helsinki Media Company Oy, as Editor-in-Chief of the family magazine, Kodin Kuvaletti, and in various editorial positions at Ilta-Sanomat.
- Sits on the boards of: Sanoma Magazines Finland Oy*, Sanoma Magazines B.V. (vice chairman of the Management Board), Oy Ruutunelonen Ab, Egmont Kustannus Oy Ab, the Finnish Periodical Publishers Association (chairman), Hansaprint Oy, FinnMedia (Association of Finnish Media Enterprises), and Oy Kirjalito Ab.
- Owns 80 SanomaWSOY Series A shares.

Theo Bouwman, born 1944, *President, Sanoma Magazines B.V.*

- Became President of Sanoma Magazines, when it became operational on October 1, 2001. Chairman of VNU Magazines between 1994 and 2001 and a member of VNU n.v.'s Executive Board (since April 2000). Prior to this, he was President of B.V. Weekbladpers between 1981 and 1994, and Executive Vice President between 1979 and 1981. Before that, he served in various marketing and management functions in the textile and service industries.
- Sits on the boards of: Sanoma Magazines B.V. (Executive Board), Sanoma Magazines B.V. (chairman of the Management Board), Sanoma Magazines Finland

Corporation (chairman), NUV (Dutch Publishers Association) (vice chairman), Nijgh Periodieken B.V. Schiedam (NL) (member of the Supervisory Board), Koninklijke Boom Pers B.V. Meppel (NL) (member of the Supervisory Board), and the Ethics Board of Journalism of The Netherlands.

Aarno Heinonen, born 1944, *M.Sc.(Econ), Senior Vice President, Administration and Finance, SanomaWSOY Corporation*

- Served as CFO and Vice President of Werner Söderström Corporation between 1987 and 1999. Previously served as CFO of Veitsiluoto Oy and as Auditing Manager and CFO at the Huhtamäki Group.
- Sits on the boards of: Werner Söderström Corporation, Sanoma Corporation, the Media Employers Association, the Finnish Employers Management Development Institute, Vapo Oy (vice chairman), and the Economic Research Foundation of the Communication Industry.
- Owns 200 SanomaWSOY Series A shares and 2,040 Series B shares.

Nils Ittonen, born 1954, *B.Sc.(Econ), Senior Vice President, Group Treasury and Asset Management, SanomaWSOY Corporation*

- Joined Sanoma Corporation in 1977 and served in various positions, including as Vice President, Asset Management at Sanoma Corporation and as the CFO of Sanoma Inc. (USA) and Crafton Graphic Co.
- Sits on the boards of: Rautakirja Oyj, SWelcom Oy, Sanoma Magazines Finland Corporation*, Onninen-sijoitus Oy, A-pressen ASA (vice chairman of the Supervisory Board), and Oy Asipex Ab.
- Owns 22,320 SanomaWSOY Series B shares.

Erkki Järvinen, born 1960, *M.Sc.(Econ), President & CEO of Rautakirja Oyj*

- Joined Rautakirja Oyj in 1997 as Senior Vice President, Kiosk Operations. Previously served as Marketing Manager and Head of Marketing at Vaasamills and as Managing Director of Siljans Knäcke AB in Sweden when



Theo Bouwman, Seppo Kievari, Erkki Järvinen, Aarno Heinonen, and Tapio Kallioja.

they were part of the Cultor Group, and as Product and Marketing Manager for Oy Karl Fazer Ab's Fazer Bakeries.

- Sits on the boards of: Finnkino Oy (chairman), Ferete Oy (chairman), JHC Arena Holding Oy, Baltic Cinema SIA, (Latvia), AS MPDE, (Estonia), AS Megapanus, (Estonia) (chairman of the Supervisory Board), Narvesen Baltija SIA, (Latvia), Lehti-Maja Eesti AS, (Estonia) (chairman of the Supervisory Board), AS Lehepunkt, (Estonia) (chairman of the Supervisory Board), Jokerit HC Oyj, Confederation of Service Industries, the Helsinki Chamber of Commerce (Vantaa Section), and the Finnish Food Marketing Association.

Jorma Kaimio, born 1946, Ph.D., Docent in Classical Philology at the University of Helsinki, President of Werner Söderström Corporation

- Served as WSOY's Literary Director and Deputy President between 1991 and September 2000. Prior to joining WSOY, he served as Managing Director of the Academic Bookstore, and as a Research Fellow and Lecturer at the University of Helsinki.
- Sits on the boards of: Werner Söderström Corporation, WSOY KouluKanava Oy (chairman), Ajasto Oy (chairman), Weilin+Göös Oy (chairman), Bertmark Media AB (chairman), Helsingin yliopiston Holding Oy, Licentia Oy (chairman), the WSOY Literary Foundation (secretary), the Lauri Jäntti Foundation, SKY-Palvelu Oy, The Finnish Book Publishers Association, and the delegation of the Valamo Foundation.
- Owns 4,480 SanomaWSOY Series B shares.

Tapio Kallioja, born 1948, M.Sc.(Eng), President of SWelcom Oy

- Joined Sanoma Group in 1984. Served as Vice President of Sanoma's Eurocable Group and New Media Group and President of Helsingin Telset Oy and Helsinki Television Ltd., and as the President of Helsinki Media Company Oy.
- Sits on the boards of: SWelcom Oy, Helsinki Television Ltd. (chairman), Oy Ruutunelonen Ab (chairman), A-pressen ASA (vice chairman), 2ndhead Oy (chairman), Maxisat Oy, Suomen Urheilutelevisio Oy (vice chairman), the

Association of Commercial Television of Finland (vice chairman), and SSH Communications Security Oyj.

- Owns 1,600 SanomaWSOY Series B shares.

Seppo Kievari, born 1943, President of Sanoma Corporation, Publisher of Helsingin Sanomat

- Joined Sanoma Corporation in 1966. Served as Editor-in-Chief of Helsingin Sanomat, Executive Vice President of Sanoma Corporation, and the Publisher of Sanoma's newspapers.
- Sits on the boards of: Sanoma Corporation, Lehtikuva Oy (chairman), Startel Oy (chairman), the Finnish News Agency (chairman), the Finnish Newspapers Association (chairman), the Graphic Industry Research Foundation, the World Association of Newspapers, FinnMedia (Association of Finnish Media Enterprises), Hämeen Sanomat Oy, and A-pressen ASA (deputy member).

Kerstin Rinne, born 1950, LL.B., Master of Laws (trained on the bench), Senior Vice President, Legal Affairs and Corporate Planning, SanomaWSOY Corporation

- Joined Sanoma Corporation as a legal counsel in 1980. Responsible for corporate planning, information services, and administration at various points, and served as Vice President, Legal Affairs and Information Services between 1994 and 1999. Prior to joining Sanoma, Rinne worked for the law offices Silkko & Ståhlberg, H. Hedman, and Rinne & Talikka.
- Sits on the boards of: Sanoma Corporation, Werner Söderström Corporation, SWelcom Oy, the HYY Group (HYY Group Ltd, Kaivopiha Ltd, Real Estate Division), and A-pressen ASA. Kerstin Rinne is also a member of the Advisory Board of the International Economic Justice Institute, the Delegation of the Nordic Lawyers Meetings, and the Corporate Affairs Group of the European Publishers Council.
- Owns 1,200 SanomaWSOY Series B shares.

*Helsinki Media Oy until November 20, 2001.

The year in focus



Stock Exchange Releases in 2001

- Sanoma acquired the free-ad publisher and electronic consumer marketplace specialist, Infosto. (5.1)
- WSOY increased its holding in Polish-based digital learning expert, Young Digital Poland, from 29% to 49%. (2.2)
- Net sales for 2000 were up 10% on 1999, while the Group's profit before extraordinary items and operating profit rose by 25% and 19% respectively. (28.2)
- The AGM appointed Jaakko Rauramo as SanomaWSOY's Chairman & CEO, following Aatos Erkko's decision to step down as Chairman and continue as a member of the Board. Rautakirja's Hannu Syrjänen was appointed as the Group's President & COO. A dividend of EUR 0.47 per share was approved. (29.3) *Photo 1.*
- Rautakirja appointed Erkki Järvinen as its new President & CEO. (30.3)
- The Group's first-quarter net sales rose by just under 5% on 2000, while the operating profit totalled EUR 12.7 million (14.5)
- Sanoma was fined over EUR 3 million by the Helsinki District Court as a result of an action brought following articles published in Helsingin Sanomat in 1996 and 1997. (29.6)
- L.J. Jouhki resigned from the Board. (4.7)
- SanomaWSOY announced that it was negotiating with VNU on the purchase of its consumer magazines business. (9.7)
- SanomaWSOY signed a strategic milestone agreement with VNU covering the acquisition of VNU's Consumer Information Group, and its some 220 magazines in seven countries, for an enterprise value of EUR 1.25 billion. (20.7) *Photos 2, 3, and 4.*
- The Group's first-half net sales were up over 4% on 2000, while operating profit totalled EUR 30.2 million. (13.8)
- An Extraordinary General Meeting elected Robert Castrén to the Board and authorised the Board to increase the Company's share capital through a stock issue, convertible loan issue, and/or stock options. (21.8)



3.



4.

- The Board decided to offer convertible capital notes to a maximum value of EUR 250 million for subscription by professional investors in Finland as part of the package arranged to finance the acquisition of VNU's Consumer Information Group. (21.8)
- SWelcom announced that digital trial transmissions by its Movie Channel would start on August 27, initially through a series of free trailers. WSOY announced that it would not launch its WSOY Learning Channel and would instead focus on its Internet-based Opit eLearning environment. (22.8)
- SanomaWSOY published a listing prospectus for an issue of convertible capital notes on August 23; the offer period ended on August 31. The Board decided to approve subscriptions to a total nominal value of EUR 200 million from over 60 Finnish professional investors; and to set the issue price at 99%. Trading in the notes commenced on September 6. (31.8)
- Kirjatuki and Sanomain Huoneisto ja Kiinteistöholding were merged with the Group's Parent Company. (1.10)
- The acquisition of VNU's Consumer Information Group was completed, making SanomaWSOY the largest Nordic media group and Europe's fifth-largest magazine publisher. SanomaWSOY's new magazines division, comprising the acquired businesses and Helsinki Media, was named Sanoma Magazines. (1.10)
- Net sales for the first nine months came in at just under 4% up on 2000, while the Group's operating profit totalled EUR 45.6 million. (12.11)
- Sanoma sold part of its holding in Savon Mediat to Keski-suomalainen, reducing its stake in the company to 14.46%. (22.11)
- SWelcom decided to postpone the start-up of its digital Movie Channel because of open issues surrounding terrestrial digital pay TV operations. (5.12)
- Sanoma Magazines established a 65%-owned company in Croatia, its first international expansion since it became operational on October 1. (21.12)

Investing in SanomaWSOY

Annual General Meeting

SanomaWSOY's Annual General Meeting of Shareholders (AGM) will be held on April 9, 2002 at 2.00 p.m. Finnish time at the Congress Wing of Finlandia Hall (Mannerheimintie 13 E, Helsinki).

Dividend for 2001

The Board of Directors will propose to the AGM that a dividend of EUR 0.51 per share should be paid for 2001. All shareholders registered on the Company's list of shareholders maintained by the Finnish Central Securities Depository on the record date of April 12, 2002 are entitled to a dividend payment. The dividend payment date in Finland will be April 19, 2002.

List of shares and shareholders

The Finnish Central Securities Depository maintains a list of Company shares and holders of Company shares. Shareholders who need to make changes to their personal and contact information are requested to contact the Depository directly on +358 800 180 500.

SanomaWSOY's financial reporting during 2002

The Group's Interim Reports will be published on May 14, August 8, and November 7 at around 11.00 a.m. Finnish time.

The Annual Report is available in Finnish, Swedish, and English; and Interim Reports in Finnish and English. Publications can be consulted at www.sanomawsoy.fi and can be ordered by email (konsernivistinta@sanomawsoy.fi) or by phone on +358 105 19 5062 or fax on +358 105 19 5068. Additional extensive investor information can be found at www.sanomawsoy.fi.

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Contents

1	Key indicators
2	Net sales by business area
3	Operating profit by business area
4	Board of Directors' Report for 2001
12	Proposal for application of profits
13	Income statement by quarter
14	Income statement
15	Balance sheet
16	Cash flow statement
18	Accounting principles
22	Definitions of key indicators
23	Notes to the income statement
26	Notes to the balance sheet
41	Other notes
44	Shares and shareholders
49	Auditors' report

Key indicators

SanomaWSOY

€ million	31.12.2001	31.12.2000	31.12.1999	31.12.1998	31.12.1997
Net sales	1 730.0	1 447.8	1 320.6	1 251.7	1 190.3
Operating profit	96.5	84.0	71.7	71.2	99.2
% of net sales	5.6	5.8	5.4	5.7	8.3
Operating profit before goodwill amortisation	130.2	103.1			
% of net sales	7.5	7.1			
Profit before extraordinary items	92.5	138.3	110.4	97.7	129.5
% of net sales	5.3	9.5	8.4	7.8	10.9
Profit after extraordinary items	92.5	140.3	110.7	211.2	164.5
% of net sales	5.3	9.7	8.4	16.9	13.8
Profit for the year	47.8	94.2	74.0	169.0	125.5
% of net sales	2.8	6.5	5.6	13.5	10.5
Balance sheet total	3 053.1	1 439.3	1 323.1	1 239.6	1 088.7
Gross investments	1 473.9	168.4	279.7	148.7	157.3
% of net sales	85.2	11.6	21.2	11.9	13.2
Return on equity, % (ROE)	6.7	10.7	9.3	9.2	16.1
Return on investment, % (ROI)	8.5	13.8	12.5	12.3	18.5
Equity ratio, %	31.6	67.4	70.2	69.5	63.9
Equity ratio, % *)	38.6	67.9	71.0	69.6	63.9
Gearing, %	114.7	-16.0	-23.1	-40.2	-19.0
Gearing, % *)	75.7	-16.6	-24.0	-40.3	-19.0
Financial cost of liabilities	31.3	7.4	8.4	6.5	6.8
Interest-bearing liabilities	1 439.7	167.4	114.4	102.1	111.9
Interest-free liabilities	678.7	336.4	313.3	313.3	314.9
Securities, cash and bank	367.9	316.9	321.2	433.1	237.6
Personnel under employment contract, average	15 129	13 364	12 629	11 900	11 494
Personnel, average (full-time equivalents)	12 077	10 350	9 816	9 329	9 786

SHARE-RELATED INDICATORS AND SHARE CAPITAL

Earnings/share, € **)	0.35	0.67	0.53	0.47	0.66
Cash flow/share, € **)	1.26	1.24	0.89		
Equity/share, € **)	5.87	5.95	5.68	5.32	4.25
Dividend/share, € **) ***)	0.51	0.47	0.45		
Dividend/result, % ***)	147.5	69.9	84.9		
Market capitalisation, € million	1 510.4	1 964.6	1 767.4		
Effective dividend yield, %, Series A	4.3	3.1	3.5		
Effective dividend yield, %, Series B	4.8	3.4	3.5		
P/E ratio, Series A	34.7	22.6	24.2		
P/E ratio, Series B	31.0	20.8	23.9		
Number of shares at Dec. 31, Series A	23 220 492	23 220 492	6 001 895		
Number of shares at Dec. 31, Series B	122 301 104	122 301 104	30 378 504		
Number of shares at Dec. 31, with diluting effect, Series B	134 871 814				
Average number of shares, Series A	23 220 492	23 220 492	6 001 895		
Average number of shares, Series B	122 301 104	122 301 104	30 378 504		
Average number of shares with diluting effect, Series B	126 502 821				
Lowest share price, Series A **)	10.00	13.00	11.25		
Lowest share price, Series B **)	9.60	12.28	10.50		
Highest share price, Series A **)	16.50	24.37	18.50		
Highest share price, Series B **)	15.00	23.75	17.25		
Average share price, Series A **)	12.48	17.95	16.32		
Average share price, Series B **)	12.02	16.46	13.15		
Share price, Dec. 31, Series A **)	12.00	15.20	12.90		
Share price, Dec. 31, Series B **)	10.70	14.00	12.75		
Trading volumes, Series A	108 832	263 549	413 056		
% of share capital	0.5	1.1	1.7		
Trading volumes, Series B **)	3 625 765	6 209 129	6 439 504		
% of share capital	3.0	5.1	5.3		

*) Capital notes included in equity.

**) 1997-2000 figures have been converted to take account of the four-for-one split on May 10, 2000.

***) Proposal of the Board of Directors.

Figures for 1997-1999 are pro forma.

Net sales by business area

SanomaWSOY

€ million	1-3/ 2001	4-6/ 2001	7-9/ 2001	10-12/ 2001	1-12/ 2001	1-3/ 2000	4-6/ 2000	7-9/ 2000	10-12/ 2000	1-12/ 2000
Sanoma										
Newspaper publishing and printing	119.9	118.3	108.5	112.6	459.3	112.3	116.0	110.0	119.9	458.2
Total	119.9	118.3	108.5	112.6	459.3	112.3	116.0	110.0	119.9	458.2
Sanoma Magazines										
Magazine publishing	39.2	41.7	37.7	254.6	373.3	39.5	39.3	35.8	45.3	159.8
Press distribution	0.0	0.0	0.0	52.8	52.8	0.0	0.0	0.0	0.0	0.0
Intracompany transactions	0.0	0.0	0.0	-31.7	-31.7	0.0	0.0	0.0	0.0	0.0
Total	39.2	41.7	37.7	275.6	394.3	39.5	39.3	35.8	45.3	159.8
SWelcom										
Electronic media	20.8	21.6	18.0	24.5	84.9	18.7	20.7	15.2	24.0	78.5
Total	20.8	21.6	18.0	24.5	84.9	18.7	20.7	15.2	24.0	78.5
WSOY										
Publishing	29.9	38.3	29.0	34.7	131.8	27.8	35.1	28.9	35.5	127.4
Printing	15.6	14.9	15.6	16.1	62.2	15.6	14.5	15.3	16.0	61.4
Calendar operations	1.9	2.9	12.5	18.4	35.8	1.9	3.3	12.4	19.0	36.7
Others	1.0	1.0	0.9	1.1	3.9	0.8	1.0	0.7	1.3	3.8
Intracompany transactions	-6.3	-5.1	-6.1	-5.3	-22.8	-6.8	-6.4	-6.2	-6.6	-25.9
Total	42.1	52.0	51.9	65.0	211.0	39.4	47.5	51.3	65.3	203.4
Rautakirja										
Kiosk operations	80.7	87.8	88.2	103.1	359.8	80.0	83.1	85.0	88.7	336.8
Press distribution	39.3	41.6	41.5	42.7	165.1	35.1	40.7	40.1	38.3	154.2
Bookstores	32.1	16.6	25.1	40.2	113.9	30.1	16.0	23.0	38.1	107.2
Movie theatre operations	11.8	8.4	11.3	16.0	47.6	12.8	7.8	10.1	12.9	43.6
Restaurant operations	8.3	11.0	12.3	10.8	42.4	8.1	9.8	11.2	9.3	38.4
E-business	0.0	0.0	0.0	0.3	0.4	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Intracompany transactions	-7.7	-8.6	-7.9	-8.6	-32.7	-8.4	-10.0	-8.9	-8.3	-35.6
Total	164.6	156.9	170.4	204.6	696.5	157.8	147.4	160.5	178.9	644.6
Intragroup transactions	-25.2	-28.3	-32.7	-29.8	-115.9	-21.7	-21.8	-27.3	-26.0	-96.7
Total	361.4	362.2	353.8	652.6	1 730.0	345.9	349.0	345.5	407.4	1 447.8

Operating profit by business area

SanomaWSOY

€ million	1-3/ 2001	4-6/ 2001	7-9/ 2001	10-12/ 2001	1-12/ 2001	1-3/ 2000	4-6/ 2000	7-9/ 2000	10-12/ 2000	1-12/ 2000
Sanoma										
Newspaper publishing and printing *)	14.2	7.3	8.9	12.9	43.3	12.4	15.7	14.6	13.1	55.7
Total	14.2	7.3	8.9	12.9	43.3	12.4	15.7	14.6	13.1	55.7
Sanoma Magazines										
Magazine publishing	1.0	6.2	3.5	30.5	41.3	0.6	3.5	1.0	5.1	10.2
Press distribution	0.0	0.0	0.0	0.4	0.4	0.0	0.0	0.0	0.0	0.0
Intracompany eliminations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	1.0	6.2	3.5	30.9	41.7	0.6	3.5	1.0	5.1	10.2
SWelcom										
Electronic media	-7.0	-5.8	-6.0	-5.6	-24.5	-3.6	-2.3	-4.4	-6.4	-16.7
Total	-7.0	-5.8	-6.0	-5.6	-24.5	-3.6	-2.3	-4.4	-6.4	-16.7
WSOY										
Publishing	-1.0	7.1	0.8	-0.5	6.3	0.7	6.4	3.9	-2.8	8.3
Printing	2.2	1.6	1.7	2.0	7.4	3.1	1.7	2.6	1.9	9.3
Calendar operations	-4.1	-3.5	4.1	3.8	0.3	-4.1	-3.9	3.1	3.2	-1.8
Others *)	2.6	-0.1	1.8	2.0	6.4	1.5	-0.4	0.0	2.0	3.1
Intracompany eliminations	-0.7	0.9	-1.0	-1.5	-2.3	-1.1	0.9	-0.3	0.1	-0.5
Total	-1.0	6.0	7.3	5.7	18.1	0.1	4.6	9.3	4.3	18.3
Rautakirja										
Kiosk operations	3.1	3.2	5.0	3.5	14.8	3.2	3.1	5.4	3.9	15.7
Press distribution	2.5	2.8	2.8	2.2	10.3	2.0	3.0	2.7	1.8	9.5
Bookstores	0.8	-1.9	0.2	7.6	6.7	0.8	-2.1	0.6	6.8	6.0
Movie theatre operations	0.8	-0.5	0.0	1.8	2.0	1.5	-0.8	0.3	1.5	2.5
Restaurant operations	-0.7	-0.2	0.6	-0.8	-1.1	-0.8	-0.1	0.7	-1.9	-2.2
E-business	-0.3	-0.4	-0.4	-0.6	-1.7	0.0	0.0	0.0	0.0	0.0
Others	8.5	0.9	0.9	1.3	11.5	1.2	1.4	1.1	0.9	4.6
Intracompany eliminations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	14.6	3.9	9.1	15.1	42.6	7.9	4.5	10.8	13.0	36.2
Other companies **)	-4.7	-1.1	-4.8	-5.1	-15.8	-2.1	-5.0	-1.0	-7.9	-16.0
Intragroup eliminations	-4.4	1.0	-2.6	-3.0	-8.9	-2.1	-0.4	-3.7	2.4	-3.8
Total	12.7	17.5	15.4	50.9	96.5	13.1	20.7	26.6	23.6	84.0

*) Includes a share of Rautakirja's results.

***) Parent Company, SanomaWSOY Corporation, Swwap Oy (until 30.9.2000), and real estate and investment companies.

The structure, size, and international dimension of SanomaWSOY's operations changed significantly during 2001, following the Group's acquisition of VNU's consumer magazines business. Following the transaction, Sanoma Magazines is now SanomaWSOY's largest division. The Group's other divisions are Sanoma, SWelcom, WSOY, and Rautakirja. SanomaWSOY owns 57% of Rautakirja.

Operating environment

The year was characterised by economic uncertainty and a slow-down in economic growth. GDP is projected to have grown by 1.6% across the EU; in Finland, the slow-down in the economy was even more pronounced. Overall output rose by only 0.7% in 2001 according to a projection by the Research Institute of the Finnish Economy, a major decline compared to 2000, when growth ran at 5.6%. Overall output was weakest between May and September. Economic growth in eastern and central eastern Europe continued at a faster rate than in the rest of Europe.

Actual household purchasing power in Finland rose by 4.3% in 2001, according to estimates by the Research Institute of the Finnish Economy. Individual consumption rose, and the retail sector had record-high Christmas sales. Consumer confidence in the economy weakened during 2001, although sentiment improved towards the end of the year. The increase in consumer prices slowed and averaged 2.6%. The employment situation improved slightly and unemployment stood at 8.1% in December. Interest rates fell throughout the year.

Media advertising declined in SanomaWSOY's key markets, Finland and The Netherlands, but increased in Hungary, the Czech Republic, and Belgium. Media advertising expenditure in Finland fell by 6% to EUR 1,047 million, according to Gallup Mainostieto. Newspaper advertising fell by 7%, TV advertising by 9%, and magazine advertising by 3%. Internet advertising fell by 9%. Advertising only rose in the minor radio and film sectors, which moved up 5% and 10% respectively. Newspapers accounted for 51.1% of advertising, TV for 18.6%, and magazines for 17.7%.

Media advertising in The Netherlands declined by 5% in 2001, according to preliminary data. Magazine advertising was down 8% over 2000. In Belgium, media advertising is projected to have risen 3%, and magazine advertising 7%. Media advertising in Hungary is projected to have risen by 19% according to preliminary data, and magazine advertising by 12%. The equivalent figures for the Czech Republic are 5% and 3%.

Net sales in the Finnish publishing and printing sector rose at a slower rate than 2000 throughout the year according to Statistics Finland. Growth virtually stopped in the third quarter, at only 0.2%. Net sales in publishing rose by some 3% in the first three quarters of the year, and in printing by some 4%. According to preliminary figures from the Finnish Book Publishers Association, publishers' sales to bookshops and other retail outlets rose by 4%. Exports of print products rose by some 7% according to figures for January to October, while imports declined by 11%.

The industrial manufacturing price index for graphic industry products rose by 3%, while that for industrial products generally declined by 6%. Manufacturing prices for publications and printed products rose by 3%. Paper and board manufacturing prices rose by 5%. Paper prices are based on annual contracts and were clearly higher than in 2000.

Net sales

SanomaWSOY's net sales in 2001 rose 19.5%, to EUR 1,730.0 (EUR 1,447.8 million), mainly driven by the new magazines business that became part of the Group on October 1, 2001. Net sales during the last quarter of the businesses acquired from VNU totalled EUR 228.9 million. Comparable growth totalled

1.1%. All of the Group's divisions recorded higher net sales. The largest growth was seen in SWelcom (8.1%) and Rautakirja (8.0%). WSOY's net sales rose 3.7%, Sanoma Magazines Finland's (prev. Helsinki Media) by 3.4%, and Sanoma's by 0.2%. 79.1% of the Group's net sales originated in Finland, 15.2% in other EU countries, and 5.7% in other countries.

Performance

The Group's operating profit increased by 14.9% to EUR 96.5 million (84.0 million). The Group's comparable operating profit, excluding the businesses acquired from VNU, was 13.8% down on 2000, at EUR 72.4 million. This was influenced by lower advertising revenue at Sanoma and an increased loss at SWelcom. Rautakirja's and Sanoma Magazines Finland's operating profit both improved. WSOY's operating profit came in at 2000 levels. The Group's EBITA totalled EUR 130.2 million (EUR 103.1 million).

SanomaWSOY's profit before extraordinary items was 33.1% down on 2000, at EUR 92.5 million (138.3 million), as a result of lower net financial income. The latter was exceptionally high in 2000 as the result of the sale of a large number of technology shares held as part of the asset management portfolio at the beginning of the year. The Group's interest payments also rose significantly during 2001, as a result of loans contracted to fund the purchase of VNU's consumer magazines.

The Group's return on investment was 8.5% (13.8%) and its return on equity 6.7% (10.7%). Earnings per share declined to EUR 0.35 (0.67).

Investments and R&D

SanomaWSOY's investments totalled EUR 1,473.9 million (168.4 million) in 2001. This sharp increase resulted from the Group's acquisition of VNU's consumer magazines business. Other large investments were the increase in ownership in Infosto to 100%, printing plant investments at Sanoma, and the refurbishment of the Ludviginkatu premises in Helsinki.

R&D expenditure booked as expenses totalled EUR 17.7 million (23.8 million).

CIG acquisition and related financing

Under an agreement signed between SanomaWSOY and the Dutch media company VNU in July, SanomaWSOY agreed to acquire VNU's Consumer Information Group (CIG) for an enterprise value of EUR 1,250 million. The transaction was closed, as planned, on October 1. The purchase price generated goodwill of EUR 1,168 million.

The acquisition cost, including consulting fees, was EUR 1,251 million, which has yet to be confirmed under the terms of the sale and purchase agreement. Total goodwill was EUR 1,181 million, which will be amortised over 20 years. The acquired companies have been consolidated in SanomaWSOY's figures since the beginning of October, observing the principle of prudence. Various adjustments and balance sheet provisions (incl. write-downs on new media holdings) have been made against the results of these companies prior to the transaction date; these have not yet been accepted by the vendor in their entirety. The principle followed by SanomaWSOY means that the amount of goodwill and annual amortisation could change after the final approval of the sale and purchase agreement.

Following the acquisition, SanomaWSOY created a new magazines division known as Sanoma Magazines, bringing together CIG's businesses and those of Helsinki Media and headquartered in Amsterdam. Theo Bouwman, who had been responsible for CIG on VNU's Executive Board, was appointed President of Sanoma Magazines and Managing Director of the Dutch parent company and a member of SanomaWSOY's Management Group. Eija Ailasmaa was appointed Executive Vice President.

The CIG acquisition was financed by bank loans of some EUR 1 billion and a EUR 200 million convertible capital notes issue, which was listed on the Helsinki Exchanges' Main List on September 6, 2001. The issue price was 99% and a fixed annual interest of 5.25% is payable on the notes. The notes can be converted into a maximum of 12,570,710 SanomaWSOY Series B shares.

As of the end of the year, Sanoma Magazines operated in 10 European countries. The company is the market leader in Belgium, The Netherlands, Finland, the Czech republic, and Hungary; and is active in Britain, Romania, Sweden, Slovakia, and Croatia. A subsidiary was founded in the latter in December 2001.

Other key developments

SanomaWSOY made a number of other acquisitions and related transactions during 2001. In January, Sanoma increased its holding in Infosto, the publisher of free ad publication Keltainen Pörssi, from 35% to 100% in a transaction valued at EUR 27.8 million. In February, WSOY increased its holding in Young Digital Poland S.A. from 29% to 49%, with the option to acquire a majority holding at the beginning of 2004. In September, SanomaWSOY's wholly owned subsidiaries Kirjatuki Oy and Sanomain Huoneisto ja Kiinteistöholding Oy were merged with the Parent Company, SanomaWSOY Corporation. In November, Sanoma sold 7.27% of its holding in Savon Mediat Oy to Keski-suomalainen Oyj, reducing its holding to 14.46%.

Rautakirja sold its shares in Norwegian-based Reitan Narvesen ASA in January for NOK 285 million or approximately EUR 34 million. In September, Rautakirja increased its 35% holding in Latvian convenience store and press distributor, Narvesen Baltija SIA, to 50%. Following this, Narvesen Baltija is now jointly owned by Rautakirja and Reitan Narvesen ASA.

Rautakirja continued to develop cinema operations in Latvia and expand operations into Lithuania. In September, Rautakirja's Finnino acquired 90% of the Lithuanian company, UAB Vingio kino teatras. The latter subsequently initiated plans for a multiplex cinema in Vilnius. Rautakirja and Stockmann launched joint plans to build a department store and 14-screen multiplex in Riga earlier in the year.

In June, the Helsinki District Court fined Sanoma Corporation a sum of some EUR 3 million in the form of damages for articles that appeared in Helsingin Sanomat in 1996 and 1997. This sum has been booked as an expense, and the ruling has been appealed.

Digital TV transmissions in Finland, including Nelonen's digital service, began on August 27. In August, SWelcom announced that its Movie Channel would begin terrestrial pay TV digital transmissions by initially presenting a selection of forthcoming programmes free of charge to viewers. This decision was taken because of the poor availability of digital set-top boxes and the uncertainty surrounding the distribution fee that could be payable to cable TV companies. At the same time, WSOY announced that the preconditions for the launch of its Koulukanava learning channel did not exist; the company's Opit Internet-based eLearning service was launched in October. In December, SWelcom announced that it intended further postponing the launch of its digital Movie Channel because of infrastructure problems, as a result of which SWelcom lost its licence for the channel in January 2002.

Administration

A number of changes took place in SanomaWSOY's management at the Annual General Meeting (AGM) in March and at the Extraordinary General Meeting in August. The Chairman of the Board, Aatos Erkko, stepped down as Chairman at the AGM on March 29, becoming a normal Board member. SanomaWSOY's President & CEO, Jaakko Rauramo, was elected Chairman & CEO. Rautakirja's President & CEO, Hannu Syrjänen, was appointed SanomaWSOY's President & COO.

L.J. Jouhki resigned from SanomaWSOY's Board of Directors for health reasons on July 4. SanomaWSOY's Extraordinary General Meeting elected Robert Castrén to the Board on August 21 to serve for the remainder of L.J. Jouhki's period of office until the AGM in 2002.

In addition to Aatos Erkko, Jaakko Rauramo, Hannu Syrjänen, Robert Castrén, and L.J. Jouhki, the members of the Board in 2001 included Esko Koivusalo (Vice Chairman), Jane Erkko, Marjukka af Heurlin, Paavo Hohti, Kyösti Järvinen, Robin Langenskiöld, and Rafaela Seppälä.

SanomaWSOY's Management Group comprised Jaakko Rauramo (who served as Chairman until March 29), Hannu Syrjänen (who served as Chairman from March 29), Eija Ailasmaa, Theo Bouwman (from October 1), Aarno Heinonen, Nils Ittonen, Erkki Järvinen (from March 30), Jorma Kaimio, Tapio Kallioja, Seppo Kievari, Kerstin Rinne, and Hannu Syrjänen (until March 29). Erkki Järvinen was appointed President & CEO of Rautakirja and a member of SanomaWSOY's Management Group following Hannu Syrjänen's appointment as SanomaWSOY's President & COO.

The Company's auditors are Pekka Nikula, APA, and PricewaterhouseCoopers Oy, where Johanna Perälä, APA serves as the Group's lead auditor.

Balance sheet and financial position

SanomaWSOY's consolidated balance sheet increased to EUR 3,053.1 million (1,439.3 million). The Group's shareholders' equity, excluding capital notes, totalled EUR 812.4 million (822.6 million), or EUR 5.87 (5.95) a share. The Group's equity ratio was 38.6% (67.9%); capital notes had a positive impact of seven percentage points.

SanomaWSOY's financing position changed significantly following the CIG acquisition. The book value of financial assets in the form of securities, cash, and bank totalled EUR 367.9 million (316.9 million), and their market value EUR 421.8 million (392.8 million). Interest-bearing liabilities increased to EUR 1,439.7 million (167.4 million).

Net financial income in 2001 totalled EUR -4.0 million. Financial revenue totalled EUR 42.9 million, and financial expenses totalled EUR 46.9 million. Financial revenue principally derived from realised capital gains on sales of shares and dividends. Financial expenses were primarily unrealised write-downs on the value of shares (EUR 12.8 million) and increased interest expenses linked to the CIG acquisition (EUR 29.7 million).

Personnel

SanomaWSOY's personnel rose in both number and geographical distribution during 2001. The number of personnel in salaried employment totalled an average of 15,129 (13,364). As of the end of the year, the Group had operations in 15 countries and over 18,000 employees. This growth was largely the result of the CIG acquisition and the expansion of Rautakirja's activities in the Baltic countries. Over 3,700 employees joined the group as a result of the CIG acquisition. Translated into full-time positions, the average number of personnel totalled 12,077 (10,350). The new Sanoma Magazines employed an average of 1,828 people, Sanoma 4,929 (4,704), SWelcom 441 (325), WSOY 1,971 (1,899), and Rautakirja 5,877 (5,534). The Group's Parent Company employed an average of 83 people (89).

Shares and shareholdings

The number of SanomaWSOY Series A shares on the market as of the end of the year totalled 23,220,492, and that of Series B shares, 115,113,828. The group owned 7,187,276 Series B shares or 4.94% of shares and 1.23% of votes through its Tiikerijakelu Oy subsidiary.

A total of 108,832 (263,549) Series A shares were traded in 2001, and 3,625,765 (6,209,129) Series B shares. Trading in Series A shares involved 0.47% (1.13%) of the total number of shares, and that in Series B shares, 2.96% (5.08%). The average price paid for Series A shares was EUR 12.48, and that for Series B shares, EUR 12.02. The highest price paid for Series A shares was EUR 16.50 and the lowest EUR 10.00; the highest price paid for Series B shares was EUR 15.00 and the lowest, EUR 9.60.

No major changes took place in the ownership of SanomaWSOY shares during 2001 and no statutory notices covering changes in ownership were issued.

Dividend policy

SanomaWSOY pursues an active dividend policy, based on the principle of distributing one third of the consolidated profit for the financial year in the form of a dividend.

The dividend payable between 1999 and 2001 is linked to the shareholder agreement made at the time of the merger, under which dividends will be at least EUR 0.88 (0.22 following the four-for-one share split on May 10, 2000), which corresponds to the dividend level offered by WSOY in 1997 increased by 10% annually. In addition, an average of EUR 0.84 (0.21 after the split) will be added to this during the years concerned. The Board proposes that a dividend of EUR 0.51 per share, in line with the shareholder agreement, shall be paid for 2001.

Sanoma

Sanoma's net sales remained at 2001 levels, and totalled EUR 459.3 million (458.2 million). The additional net sales brought by the increased holding in Infosto, together with strong development at Iltta-Sanomat, compensated for a decline in advertising sales at Helsingin Sanomat and the reduction in print exports recorded by Kymen Lehtimedia. Comparable net sales declined by 3.4%.

Sanoma's operating profit declined to EUR 43.3 million (55.7 million), despite a number of internal cost-saving measures. In addition to lower advertising revenue, operating profit was adversely affected by the EUR 3 million booked to cover the fine imposed by the Helsinki District Court, which is being appealed, as well as significant increases in paper prices and higher depreciation. Pension liabilities have been covered by internal transfers between funds totalling EUR 3.7 million. Sanoma's operating profit included a EUR 7.3 million (6.1 million) share of Rautakirja's result. Sanoma's EBITA totalled EUR 49.4 million (61.2 million).

Investments totalled EUR 76.5 million (70.0 million). The largest single investment was accounted for by the increase of Sanoma's holding in Infosto to 100%. Other investments were linked to printing plant projects and IT systems. In February, Lehtikuva Oy acquired a 60% holding in the picture agency Compad Oy. In March and August, Sanoma acquired a 25.07% holding in ZAO Smena, the publisher of the St. Petersburg-based paper Smena. Infosto acquired Free Ad Production Oy, the publisher of Palsta, a free ad publication, in October. In November, Kymen Lehtimedia acquired the remaining 25% of Uutisuoksi Oy, after which the latter became a wholly owned subsidiary.

Sanoma Magazines

Sanoma Magazines Finland (prev. Helsinki Media) formed part of SanomaWSOY for the entire year, while the remainder of Sanoma Magazines was integrated as of October 1. The division had net sales of EUR 394.3 million and an operating profit of EUR 41.7 million, and an EBITA of EUR 59.9 million.

Sanoma Magazines Finland's net sales rose by 3.4% to EUR 165.4 million (159.8 million). Circulation revenue increased by 4% and advertising revenue by 3%. Book sales were down on 2000, and saw net sales come in below 2000. Operating profit was higher, at EUR 17.6 million (10.2 million), driven by

improved profitability in publishing, reduced depreciation, and a successful year at associated company, Hansaprint. Sanoma Magazines Finland's EBITA totalled EUR 18.1 million (13.5 million). Investments totalled EUR 6.1 million (4.2 million). The largest investments were the acquisition of public sector directories from Stellatum Oy and the acquisition of a 60% holding in Suomen Rakennuslehti Oy.

Net sales at the businesses acquired from VNU during the last quarter totalled EUR 228.9 million, and operating profit totalled EUR 24.1 million. EBITA totalled EUR 41.8 million. Operating profit was slightly below expectations because of a weaker-than-projected December.

Net sales at Sanoma Uitgevers in The Netherlands during the last quarter totalled EUR 139.6 million; the company's operating profit totalled EUR 20.4 million and its EBITA, EUR 34.2 million. Advertising revenue at Sanoma Uitgevers during the last quarter suffered somewhat from the general softening seen in IT and telecomm-related advertising.

Fourth-quarter net sales at press distributor Aldipress totalled EUR 52.8 million, while operating profit came in at EUR 0.4 million. The company's EBITA was EUR 1.0 million.

Fourth-quarter net sales at Sanoma Magazines Belgium (Mediaxis) totalled EUR 39.4 million, and its operating profit was EUR 0.4 million. The Belgian magazine market suffered from a similar general downturn in advertising to that seen elsewhere in the last quarter. Mediaxis' EBITA totalled EUR 0.4 million. This figure includes EUR 0.8 million in penalties for delayed payment of disputed lottery tax.

Fourth-quarter net sales in Sanoma Magazines' other markets – Hungary, Slovakia, the Czech republic, Britain, Romania, and Croatia (Sanoma Magazines International) – totalled EUR 28.9 million. Sanoma Magazines International's operating profit totalled EUR 6.7 million, and its EBITA, 7.0 million. A new subsidiary was set up in Croatia at the end of the year.

SWelcom

SWelcom's net sales increased to EUR 84.9 million (78.5 million), driven in particular by the success of Helsinki Television's broadband Internet services and an increase in Internet development and hosting projects for SanomaWSOY's other units.

SWelcom recorded an operating loss of EUR 24.5 million (16.7 million). Factors shaping this development included programming costs at Nelonen, amortisation linked to SWelcom's increased holding in Nelonen, and investments in digital TV. Another factor contributing to the higher loss compared to 2000 was the fact that 2ndhead's figures have been included in SWelcom's accounts since October 1, 2000. SWelcom's EBITA totalled EUR -21.7 million (-15.7 million). Nelonen recorded an operating loss of EUR 15.3 million (15.4 million).

SWelcom's investments totalled EUR 12.5 million (33.7 million). The largest single components were the continued upgrading of Helsinki Television's cable system and cable modem service. Investments during 2000 included the increased holding in Nelonen acquired that year.

WSOY

WSOY's net sales rose to EUR 211.0 million (203.4 million). Adjusted for acquisitions and divestments, comparable net sales rose by 3.6%. The economic slow-down was reflected in weaker sales towards the end of the year and weaker profitability. The Christmas season was exceptionally brisk in terms of book sales, but was shorter than normal.

WSOY's operating profit totalled EUR 18.1 million (18.3 million). Traditional book publishing and printing recorded a similar good result to that seen in 2000. In contrast, electronic publishing recorded a loss, and the weak development of IT publishing, particularly in Sweden, had an adverse impact on performance. WSOY's calendar business turned in a profit, thanks to the success of rationalisation

measures. WSOY's holding in Rautakirja contributed EUR 9.7 million (8.1 million). The group's EBITA totalled EUR 21.1 million (22.4 million).

Investments totalled EUR 14.7 million (25.5 million). The largest of these were the increase in WSOY's holding in Young Digital Poland from 29% to 49% and replacement printing machinery investments. The most important machinery investments were a hardback line at WS Bookwell Oy in Porvoo and an A0 four-colour offset machine at Lönnberg Painot in Helsinki.

Rautakirja

Rautakirja recorded net sales of EUR 696.5 million (644.6 million), an increase of 8.0% on 2000. Comparable growth totalled 5.3%. Net sales developed well in all businesses, and sales during the Christmas season were particularly successful.

The good progress seen in net sales was also reflected in improved profit performance. Rautakirja's operating profit rose by 17.7% on the back of higher net sales, and totalled EUR 42.6 million (36.2 million). Higher profit performance was recorded in press distribution, book retailing, and restaurants. Rautakirja's higher profit was also affected by the capital gain of some EUR 7.8 million made on sales of shares in Norwegian-based Reitan Narvesen ASA. Rautakirja's financial income was also higher, and its profit before extraordinary items totalled EUR 45.7 million (38.3 million). EBITA totalled EUR 45.9 million (40.7 million).

Investments totalled EUR 35.9 million (28.6 million). The largest of these were the multiplex cinema opened in March in Tallinn, the increase in Rautakirja's holding in Jokerit HC Oyj from 34.5% to 36.4%, the acquisition of a cinema company in Lithuania, and investments in new Motorest units. The booking of fixed assets as investments at Latvian-based convenience store and press distributor Narvesen Baltija SIA, which became a joint company in the autumn, was also a factor.

Board authorisations and events after December 31, 2001

The Extraordinary General Meeting in August authorised SanomaWSOY's Board, for a period of one year from the Extraordinary General Meeting, to decide to increase the Company's share capital through one or more stock issues, one or more convertible loan issues, and/or the issue of stock options, on condition that the new shares to be offered for subscription as part of any stock issue or against convertible loans or stock options shall be Series B shares, and that the combined number of such shares shall be a maximum of 29,104,319 shares, and that the Company's share capital shall be increased, as a result, by a maximum of EUR 12,514,857.17. As of the end of the year, the Board was not authorised to acquire or sell Company shares.

During the year, the Board exercised the above authority by making a EUR 200 million convertible capital notes issue entitling holders to convert notes into a maximum of 12,570,710 SanomaWSOY Series B shares. The conversion period began on January 2, 2002, at an imputed conversion price of EUR 15.91. In January 2002, the Board decided to issue warrants to management. The issue will comprise a maximum of 4,500,000 warrants, each entitling the holder to one SanomaWSOY Corporation Series B share. The warrants will be distributed in three stages, at the turn of 2001/2002, 2002/2003, and 2003/2004, and will be identified as warrants 2001A, 2001B, and 2001C respectively. A maximum of 1,500,000 warrants in each category will be issued. A total of some 700,000 warrants were distributed to 101 senior managers within the Group at the beginning of 2002; the remainder were held for later distribution at the discretion of the Board of Directors. The subscription price was the average price of SanomaWSOY's Series B share as quoted in November–December 2001 in each of the three years in question (2001, 2002, and 2003) plus 20%. The subscription period will begin three years from the issu-

ing of warrants and will continue for three years thereafter. The subscription price for 2001A warrants was set at EUR 12.74.

In February, Sanoma Magazines signed a heads of agreement to sell its British-based puzzle magazine company, British European Associated Publishers Ltd. (BEAP), to management. The intention is to close the deal in the near future.

Outlook for 2002

Economic growth in EU countries is expected to continue to be quite modest during 2002, despite the stronger consumer confidence evident at the end of 2001 and the economic improvement this points to. The December 2001 forecast issued by the Research Institute of the Finnish Economy indicates that overall output within the EU will grow by 1.4% in 2002 and overall output in Finland by 1.9%. Developments on the advertising market remain uncertain, and it is probable that the market will be weaker during the first part of the year than in 2001. An upswing in the advertising market is expected to come only in the autumn.

SanomaWSOY's operating profit and net sales are expected to improve significantly during 2002, as the net sales and operating profit generated by the businesses acquired from VNU will be included for the full year instead of only one quarter as in 2001. The Group's net sales are projected to rise to over EUR 2,400 million. If no unexpected changes take place in the economic situation, operating profit is projected to improve by around a quarter. Comparable net sales and operating profit are also expected to improve somewhat. The various cost control measures launched in a number of businesses during 2001 are expected to contribute to this improvement in profitability.

Sanoma's net sales are projected to remain at current levels, while operating profit is expected to improve as a result of cost-cutting measures. Sanoma has prioritised improving profitability.

Sanoma Magazines' net sales will probably exceed EUR 1 billion in 2002. The division is expected to record an EBITA of around 12% of net sales, while its operating profit percentage will probably be slightly under 6%, as a result of high amortisation levels.

SWelcom's net sales are projected to rise by some 15%; operating profit performance is also expected to improve clearly. The possible halving of Nelonen's licence fees on July 1, 2002 would have a significant positive impact on the channel's profitability. SWelcom will continue its cost control projects and will tailor development expenses to what the market will bear. The overall development of TV advertising will play the most critical role in how SWelcom performs.

WSOY's net sales are projected to increase by 5%. Profitability is also projected to improve, most importantly as a result of rationalisation measures launched in 2001.

Rautakirja's net sales are projected to increase by more than 5%. The division's operating profit is projected to be lower than the record figure recorded in 2001, which included an EUR 8.4 million capital gain on sales of shares, however. Rautakirja's operational result is expected to be equivalent to that for 2001.

SanomaWSOY Corporation
Board of Directors

Proposal for application of profits

SanomaWSOY

The Group's distributable funds for 2001 total EUR 644,108,369.83. The Parent Company's distributable funds as of December 31, 2001 total EUR 555,207,870.03, of which the loss for the year was EUR 3,863,167.73.

The Board of Directors will propose to the Annual General Meeting that:

- a dividend of EUR 0.51 a share shall be paid EUR 74,216,013.96
- the following sum shall be transferred to the donation reserve and used at the Board's discretion EUR 300,000.00
- shareholders' equity shall be set at EUR 480,691,856.07

The dividend will be paid to shareholders registered with the register of shareholders maintained by the Finnish Central Securities Depository on the record date set by the Board for payment of the dividend, April 12, 2002. The Board will propose to the Annual General Meeting that the dividend shall be paid on April 19, 2002.

Helsinki, February 27, 2002

Jaakko Rauramo
Chairman

Esko Koivusalo
Vice Chairman

Robert Castrén

Aatos Erkko

Jane Erkko

Marjukka af Heurlin

Paavo Hohti

Kyösti Järvinen

Robin Langenskiöld

Rafaela Seppälä

Hannu Syrjänen

Income statement by quarter

SanomaWSOY

€ million	1-3/ 2001	4-6/ 2001	7-9/ 2001	10-12/ 2001	1-12/ 2001	1-3/ 2000	4-6/ 2000	7-9/ 2000	10-12/ 2000	1-12/ 2000
Net sales	361.4	362.2	353.8	652.6	1730.0	345.9	349.0	345.5	407.4	1447.8
Increase (+) / decrease (-) in inventories of finished goods and work in progress	5.4	0.8	0.3	-5.8	0.7	4.4	1.8	0.1	-5.6	0.7
Production for own use	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other operating income	15.8	9.4	7.2	12.0	44.5	7.8	9.3	6.8	12.6	36.4
Share of result of associated companies	-0.6	4.8	-0.2	1.5	5.5	1.1	1.8	4.0	-0.5	6.4
Materials and services	169.1	161.6	162.7	292.5	786.0	159.3	148.5	155.3	184.9	648.1
Personnel expenses	99.9	96.7	93.0	144.2	433.8	91.1	93.9	84.4	100.7	370.2
Depreciation and decrease in value	21.3	21.9	23.0	44.1	110.3	19.3	20.1	20.7	25.7	85.8
Other operating expenses	79.0	79.5	67.0	128.7	354.1	76.3	78.6	69.3	79.0	303.2
Operating profit	12.7	17.5	15.4	50.9	96.5	13.1	20.7	26.6	23.6	84.0
Financial income and expenses	5.4	10.1	-16.1	-3.3	-4.0	38.3	18.9	-4.7	1.8	54.3
Profit before extraordinary items	18.1	27.6	-0.8	47.6	92.5	51.4	39.6	21.9	25.4	138.3
Extraordinary items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0	2.0
Profit after extraordinary items	18.1	27.6	-0.8	47.6	92.5	51.4	39.6	21.9	27.5	140.3
Direct taxes (profit-related)	-6.6	-6.3	-2.2	-16.0	-31.0	-13.5	-10.4	-6.9	-8.5	-39.3
Minority interests	-4.4	-1.5	-2.2	-5.6	-13.7	-1.5	-1.1	-1.9	-2.3	-6.8
Profit for the year	7.1	19.8	-5.1	26.0	47.8	36.4	28.1	13.1	16.6	94.2

Income statement

SanomaWSOY

€ million	Group		Parent Company	
	1.1–31.12.2001	1.1–31.12.2000	1.1–31.12.2001	1.1–31.12.2000
NET SALES 1)	1 730.0	1 447.8		
Increase (+) / decrease (-) in inventories of finished goods and work in progress	0.7	0.7		
Production for own use	0.0	0.0		
Other operating income 2)	44.5	36.4	6.1	5.4
Share of result of associated companies	5.5	6.4		
Materials and services 3)	786.0	648.1		
Personnel expenses 4)	433.8	370.2	7.2	5.6
Depreciation and decrease in value 5)	110.3	85.8	1.5	0.8
Other operating expenses 6)	354.1	303.2	12.2	10.6
OPERATING PROFIT (LOSS)	96.5	84.0	-14.8	-11.7
Financial income and expenses 7)	-4.0	54.3	3.9	41.5
PROFIT (LOSS) BEFORE EXTRAORDINARY ITEMS	92.5	138.3	-10.9	29.8
Extraordinary items 8)		2.0	8.2	16.8
PROFIT (LOSS) AFTER EXTRAORDINARY ITEMS	92.5	140.3	-2.8	46.7
Provisions			-0.1	-0.1
Direct taxes 9)	-31.0	-39.3	-1.0	-8.5
Minority interests	-13.7	-6.8		
PROFIT (LOSS) FOR THE YEAR	47.8	94.2	-3.9	38.0

Balance sheet

SanomaWSOY

€ million	Group 31.12.2001	31.12.2000	Parent Company 31.12.2001	31.12.2000
ASSETS				
NON-CURRENT ASSETS 10)				
Intangible assets	112.8	56.5	4.4	2.5
Consolidated goodwill	1 299.5	82.1		
Tangible assets	509.6	415.1	16.2	15.5
Investments	266.3	273.7	1 963.6	697.7
NON-CURRENT ASSETS, TOTAL	2 188.2	827.4	1 984.1	715.8
CURRENT ASSETS				
Inventories 11)	122.6	102.2		
Long-term receivables 12)	63.3	43.2	10.3	
Short-term receivables 13)	311.0	149.5	88.2	58.1
Securities 14)	282.6	268.3	33.9	85.7
Cash and bank	85.4	48.6	5.6	6.2
CURRENT ASSETS, TOTAL	864.8	611.9	138.1	150.0
ASSETS, TOTAL	3 053.1	1 439.3	2 122.2	865.8
SHAREHOLDERS' EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY 15)				
Share capital	62.6	62.6	62.6	62.6
Premium fund	16.1	16.1		
Other funds	364.4	364.1	355.7	355.7
Retained earnings	321.5	285.7	203.4	234.1
Profit (loss) for the period	47.8	94.2	-3.9	38.0
Capital notes	207.3	7.3	200.0	
SHAREHOLDERS' EQUITY, TOTAL	1 019.7	829.9	817.8	690.3
MINORITY INTEREST	122.3	112.9		
ACCUMULATED PROVISIONS 16)			1.3	1.3
STATUTORY PROVISIONS 17)	8.1	2.3		
LIABILITIES				
Deferred tax liability 18)	36.6	37.6		
Long-term liabilities 19)	922.7	85.9	810.0	
Current liabilities 20)	943.7	370.7	493.1	174.2
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL	3 053.1	1 439.3	2 122.2	865.8

Cash flow statement

SanomaWSOY

€ million	Group		Parent Company	
	1.1–31.12.2001	1.1–31.12.2000	1.1–31.12.2001	1.1–31.12.2000
OPERATIONS				
Operating profit (loss)	96.5	84.0	-14.8	-11.7
Adjustments to operating profit 1)	91.6	69.5	2.9	-0.4
Change in working capital 2)	11.4	-9.9	-3.0	2.8
Cash flow from operations before financial items and taxes	199.4	143.7	-15.0	-9.2
Interest received from operations	20.0	8.3	8.4	13.1
Interest paid on operations	-10.5	-7.0	-7.4	-4.7
Dividend received from operations	6.6	10.4	2.0	6.3
Other financial items	3.0	54.8	-4.6	28.0
Group contributions			23.7	
Tax paid on operations	-44.1	-38.5	-14.3	-4.4
CASH FLOW FROM OPERATIONS	174.4	171.7	-7.2	29.1
INVESTMENTS				
Acquisition of tangible and intangible assets	-112.7	-118.6	-3.9	-1.9
Group companies acquired 3)	-1 168.8	-23.1	-352.7	-5.5
Associated companies acquired	-6.4	-11.5		
Acquisition of other holdings	-0.8	-9.2		0.0
Sales of tangible and intangible assets	11.1	19.7	0.1	0.2
Group companies sold 4)	0.0	0.9	1.2	0.9
Associated companies sold	11.5	3.6	0.9	1.2
Sales of other companies	40.4	3.8	1.4	0.7
Long-term loans granted	-1.4			
Repayments of long-term loan receivables	4.1			
Increase (-)/decrease (+) in current loan receivables	14.7	-2.2	-9.7	-9.5
Investments in other assets	-1.2	-0.1	-945.3	-64.7
Sales of other investment	1.1	0.2	11.6	43.9
Interest received from investments	0.1	0.3	8.8	
Dividend received from investments	6.9	1.6	2.0	
CASH FLOW FROM INVESTMENTS	-1 201.3	-134.6	-1 285.5	-34.7
CASH FLOW BEFORE FINANCING	-1 027.0	37.1	-1 292.7	-5.6
FINANCING				
Minority capital investment / repayments of equity loans	2.5	-15.1		
Drawings on short-term loans	294.6	64.4	427.3	63.5
Repayments of short-term loans	-137.2	-11.2	-128.2	-13.1
Drawings on long-term loans	1 001.2	8.5	1 010.0	
Repayments of long-term loans	-3.8	-10.7		
Dividends paid	-70.7	-67.9	-68.5	-65.7
Donations	-0.3	-0.3	-0.3	-0.3
Other distribution of profits		0.0		0.0
HTV connection fees	1.4	1.0		
CASH FLOW FROM FINANCING	1 087.8	-31.2	1 240.3	-15.5
Change in liquidities according to the cash flow statement	60.8	5.9	-52.4	-21.0
Exchange rate differences under liquidities	-9.8	-10.1	0.0	-0.1
Net increase (+)/decrease (-) in liquidities	51.0	-4.3	-52.4	-21.1
Liquidities according to the balance sheet at Jan. 1	316.9	321.2	91.9	113.0
Liquidities according to the balance sheet at Dec. 31	367.9	316.9	39.5	91.9

€ million	Group		Parent Company	
	1.1–31.12.2001	1.1–31.12.2000	1.1–31.12.2001	1.1–31.12.2000
1) Adjustments to operating profit				
Depreciation and decrease in value	110.3	85.8	1.5	0.8
Profit (-) and loss (+) on sales of non-current assets	-16.1	-10.8	0.6	-1.2
Share of result of associated companies, in profit (-) and loss (+)	-5.5	-6.4		
Change in statutory provisions	4.8	0.7		
Other adjustment items	-2.0	0.1	0.7	
	91.6	69.5	2.9	-0.4
2) Change in working capital				
Increase (-) /decrease (+) in current assets	-6.2	-5.5		
Increase (-) /decrease (+) in interest-free short-term receivables	-21.2	-15.1	-1.0	-0.9
Increase (+) /decrease (-) in interest-free short-term debts	38.8	10.7	-2.0	3.7
	11.4	-9.9	-3.0	2.8
3) Supplementary information on acquired Group companies				
Impact of acquired companies on the Group's assets and liabilities				
Non-current assets	-1 397.0	-27.3		
Current assets	-252.8	-8.8		
Long-term liabilities	52.7	5.3		
Current liabilities	351.7	5.0		
Other items	1.7	-0.7		
Total purchase price	-1 243.7	-26.5		
Liquidities of acquired companies	74.9	3.4		
Investments in Group companies	-1 168.8	-23.1		
4) Supplementary information on sold Group companies				
Impact of sold companies on the Group's assets and liabilities				
Non-current assets	0.8	0.7		
Current assets	0.9			
Long-term liabilities	0.0			
Current liabilities	-1.2			
Other items	-0.3	0.2		
Sale price	0.2	0.9		
Liquidities of sold companies	-0.2			
Income on the sale of Group companies	0.0	0.9		

SanomaWSOY's consolidated financial statements have been prepared in accordance with Finnish rules and regulations. SanomaWSOY Corporation was created by a combination merger on May 1, 1999, and the comparative data for 1997, 1998, and 1999 takes the form of pro forma figures.

Information on the Consumer Information Group (CIG), acquired from VNU in 2001, is provided in the Group's official figures for the last quarter of 2001. The acquisition was completed on October 1, 2001.

Consolidated financial statements

The consolidated financial statements have been prepared by consolidating the income statements, balance sheets, and notes to the financial statements of the Parent Company and its subsidiaries. The separate financial statements of Group companies have been adjusted in accordance with the Group's standard accounting practices prior to consolidation.

In addition to SanomaWSOY Corporation, the consolidated financial statements cover those companies in which the Parent Company, either directly or indirectly, held over 50% of voting rights at the end of the accounting year. Intra-group shareholdings have been eliminated using the acquisition cost method.

Companies acquired during the period under review have been included in the consolidated statements from the date of acquisition or another contractual date, while divested companies have been included up until the time of their sale.

Elimination differences between the acquisition cost of shares in subsidiaries and the shareholders' equity of subsidiaries at the time of acquisition generated during the elimination of share ownership have been booked primarily to the relevant asset and liability items in the Group's balance sheet. The remainder has been presented as goodwill, which is depreciated according to the plan over the relevant economic lifetime.

Goodwill resulting from the companies in the Consumer Information Group (CIG) acquired from VNU has not been booked against assets. This goodwill will be depreciated over a period of 20 years. The final sum involved will be confirmed after verification of the sale and purchase agreement.

Associated companies are consolidated in accordance with the equity method. A portion of companies' profits or losses in line with the Group's holding has been booked as a separate item prior to the operating profit. This represents a change from previous practice and has been implemented from the beginning of the 2001 accounting year. In the case of investment-type holdings, a portion of the company's profits or losses has been booked before operating profit instead of to financial income and expenditure. Comparative data has been adjusted in line with current practice. Goodwill and reserves generated in the consolidation of associated companies are generally entered as revenue over a period of five to 10 years. The depreciation period used for goodwill related to A-pressen ASA and Hansaprint Oy is 15 years. Figures for associated real estate and housing companies have been entered under other shareholdings, rather than under associated companies.

Joint companies in which the Group is responsible for management together with the other owner have been consolidated on a line-by-line basis in proportion to SanomaWSOY's holding.

Minority shareholdings have been separated from the Group's shareholders' equity and result and are presented as a separate entry in the income statement and balance sheet. The practice used in booking capital notes given by minority shareholders was changed in 2001. Only the share of any possible losses related to such loans are now booked against the minority holding, while the remainder is presented in shareholders' equity as capital notes. Figures for 2000 and key indicators for the previous five years have been adjusted to aid comparison.

Group companies' internal income and expenses, mutual receivables and liabilities, together with significant internal margins and internal distribution of profits, have been eliminated in the consolidated figures.

Items denominated in foreign currencies

Items associated with the Group's Finnish companies denominated in foreign currencies are booked at the rates of exchange prevailing on the dates of the transactions in question. Receivables and liabilities on the balance sheet at closing have been translated into Euros using the rate quoted on that date. Exchange rate differences of trade receivables and trade payables are booked as sale and purchase adjustment items. Exchange rate differences generated when assessing other receivables and liabilities are booked under financial income and expenses.

The income statements of foreign subsidiaries have been translated into Euros using the average exchange rate for the accounting year, while their balance sheets have been translated using the exchange rate quoted on the balance sheet date. Translation differences between different rates have been booked to the Group's shareholders' equity.

Translation differences arising from translating the balance sheets of foreign subsidiaries and associated companies have generally been booked to consolidated shareholders' equity. Translation differences related to the Group's long-term internal loans have been treated in the same way as those associated with shareholders' equity.

Non-current assets

Fixed assets have been booked to the balance sheet at the original acquisition cost minus depreciation according to the plan. Balance sheet values include revaluations totalling EUR 17.1 million covering land and buildings. Investments have been booked at acquisition cost or a permanently lower market value. Depreciation on fixed assets according to the plan is based on the original acquisition cost and the following estimated economic lifetimes:

Intangible rights	3–10 years
Goodwill	3–20 years
Consolidated goodwill	5–20 years
Other long-term expenditure	3–10 years
Buildings and structures	8–40 years
Machinery and equipment	3–16 years

Inventories

Inventories are presented in accordance with the average acquisition cost method, as acquisition costs or lower replacement costs, or as anticipated sale prices. The value of inventories includes the variable costs associated with acquisition and manufacture.

Securities

The balance sheet item related to securities primarily covers market investments and deposits, bonds, convertible bonds, listed shares, and mutual fund holdings. Securities have been valued at acquisition cost or the lower market cost.

Deferred tax liabilities and receivables

In respect of booking deferred tax liabilities and receivables, SanomaWSOY follows the requirements of the Finnish Accounting Act, under which items are booked only on those periodisation differences affecting the income statement and on consolidation-related measures and year-end provisions with an impact on the Group's result.

Revaluation-related deferred tax liability is presented in the notes to the financial statements.

Derivatives

Derivatives are generally used by SanomaWSOY to hedge the Group's risks. The Group hedges its interest rate risks, and at times its currency and equity-related risks. The hedging instruments normally used are interest rate swap agreements, forward rate agreements, interest rate options, and currency and share forward agreements.

The interest income and expenditure related to the derivative contracts used in risk management are periodised according to the duration of the relevant contract and are used to adjust the interest booked for the hedged positions. The premiums paid and received for interest rate options are booked under transfer items and are periodised under financial expenses and income according to the duration of the relevant contract.

Interest rate derivatives are used to hedge the Group's variable-rate loan portfolio, and derivative contracts are not valued at market values in the accounts. The market values of contracts are shown in the notes to the financial statements.

Currency and share forward agreements are valued at market values in the accounts. That portion of unrealised derivative losses that exceeds the positive change in value of the underlying item is booked against income. Only that portion of unrealised profit that is equivalent to the valuation loss on an underlying item is booked against income.

Convertible capital note issue

A convertible capital note issue valued at EUR 200 million was issued as part of financing for the acquisition of the CIG magazines business from VNU. Trading in the subordinated notes began on the Helsinki Exchanges on September 6, 2001. Under the Companies Act, the issue is treated as an equity loan. The interest on the notes is booked in accordance with the interest stipulated in the terms of the issue, and the loan is presented in its entirety under shareholders' equity.

The main terms of the issue are presented in the notes to the financial statements.

Net sales

When calculating net sales, sales income has been adjusted for discounts given, indirect taxes, and sales-related exchange rate differences. Commissions are included in the net sales shown on commission sales.

Other expenses

Advertising agency fees related to magazines and newspapers are booked as other expenses.

Research and development expenses

Research and development expenses are generally booked directly as annual expenses.

Items of this type refer to expenses incurred in developing new products and services intended for commercial sale or significantly enhancing the properties of existing products, or expanding business activities. Research and development expenses are typically incurred before a company is able to begin benefiting financially from the product or service in question.

In respect of development projects, the Group generally uses project schedules of a maximum of two years. The costs associated with launching a new magazine title, for example, are only booked as research and development expenses for the first two years of the title's existence.

Pension cover

The statutory pension cover of personnel employed by SanomaWSOY Corporation and its Finnish subsidiaries, with the exception of Werner Söderström Corporation and WS Bookwell Oy, is provided through insurance policies taken out with pension institutions. Pension cover for personnel employed by units outside Finland is organised in line with the requirements of local legislation and social security provisions. A pension fund has been set up for Sanoma Magazines B.V.

The statutory pension cover of personnel employed by Werner Söderström Corporation and WS Bookwell Oy is handled through Section B of WSOY's pension fund. Section A of the latter fund is for voluntary pension cover, and was closed on December 31, 1980. The fund has no uncovered liability and its assets exceed its liabilities by EUR 5.3 million.

Additional pension cover for SanomaWSOY Corporation and its 22 subsidiaries has been arranged through Sanoma Corporation's pension fund. The latter has no uncovered liability and its assets at current values exceed its liabilities by EUR 3.4 million. The fund was closed on August 31, 1981.

Voluntary pension cover for personnel employed by Rautakirja Oyj, Finnkino Oy, and Eurostrada Oy is provided by Rautakirja's pension fund. The total liability of the latter as of the end of the year was EUR 19.4 million, of which EUR 2.8 million was unfunded. The latter item has been booked in previous years mainly as expenses and compulsory reserves. The fund was closed on June 30, 1974.

The retirement age of the member of the Management Group of SanomaWSOY's Parent Company, the presidents and deputy presidents of subsidiaries, and the editors-in-chief of the Group's largest newspapers has been agreed at 60 to 65 years.

Level of accuracy

The pro forma key indicators for 1997 and 1998 presented for comparative purposes were prepared on the essential relevance principle for the merger plan of SanomaWSOY. The accuracy of these figures does not match that of current practice in every respect.

All figures are presented in line with mathematical rules for rounding figures up or down.

Definitions of key indicators

SanomaWSOY

Return on equity (ROE), %	=	$\frac{\text{Result before extraordinary items - taxes}}{\text{Shareholders' equity + minority interest (average of monthly balances)}} \times 100$
Return on investments (ROI), %	=	$\frac{\text{Result before extraordinary items + interest and other financial expenses}}{\text{Balance sheet total - non-interest-bearing liabilities (average of monthly balances)}} \times 100$
Equity ratio, %	=	$\frac{\text{Shareholders' equity + minority interest}}{\text{Balance sheet total - advances received}} \times 100$
Gearing, %	=	$\frac{\text{Interest-bearing liabilities - cash and bank and securities}}{\text{Shareholders' equity and minority interest}} \times 100$
Earnings / share (EPS)	=	$\frac{\text{Result before extraordinary items - taxes +/- minority interest}}{\text{Average number of shares on the market, adjusted for share issues}}$
Cash flow / share	=	$\frac{\text{Cash flow from operations}}{\text{Average number of shares on the market, adjusted for share issues}}$ Cash flow from operations includes cash flow from the Group's main operations according to the cash flow statement.
Equity / share	=	$\frac{\text{Shareholders' equity at the end of the year}}{\text{Average number of shares on the market, adjusted for share issues, on the balance sheet date}}$
Dividend / share	=	$\frac{\text{Total dividend distribution}}{\text{Average number of shares on the market, adjusted for share issues, on the balance sheet date}}$
Dividend / result, %	=	$\frac{\text{Dividend / share}}{\text{Result / share}} \times 100$
Market capitalisation	=	Number of shares on the market at the end of the year x the share price on the last trading day of the year by share class
Effective dividend yield, %	=	$\frac{\text{Dividend / share}}{\text{Share price on the last trading day of the year by share class}} \times 100$
P/E ratio	=	$\frac{\text{Share price on the balance sheet date, adjusted for share issues}}{\text{Result / share}}$

The 7,187,276 SanomaWSOY Series B shares held by subsidiary Tiikerijakelu Oy on the balance sheet date have been subtracted from the total number of shares on the market.

Notes to the income statement

SanomaWSOY

€ million	Group 1.1–31.12.2001	1.1–31.12.2000	Parent Company 1.1–31.12.2001	1.1–31.12.2000
1) NET SALES				
Net sales by business area				
Sanoma				
Newspaper publishing and printing	459.3	458.2		
Total	459.3	458.2		
Sanoma Magazines				
Magazine publishing	373.3	159.8		
Press distribution	52.8			
Intracompany transactions	-31.7			
Total	394.3	159.8		
SWelcom				
Electronic media	84.9	78.5		
Total	84.9	78.5		
WSOY				
Publishing	131.8	127.4		
Printing	62.2	61.4		
Calendar operations	35.8	36.7		
Others	3.9	3.8		
Intracompany transactions	-22.8	-25.9		
Total	211.0	203.4		
Rautakirja				
Kiosk operations	359.8	336.8		
Press distribution	165.1	154.2		
Bookstores	113.9	107.2		
Movie theatre operations	47.6	43.6		
Restaurant operations	42.4	38.4		
E-Business	0.4			
Others		0.0		
Intracompany transactions	-32.7	-35.6		
Total	696.5	644.6		
Intragroup transactions	-115.9	-96.7		
Total	1 730.0	1 447.8		
Net sales by market area				
Finland	1 368.3	1 328.8		
Other EU countries	262.6	59.7		
Other countries	99.2	59.3		
Total	1 730.0	1 447.8		
2) OTHER OPERATING INCOME				
Rental income	20.0	19.4	2.2	2.1
Rental income, internal			2.6	1.9
Profit on sales of assets	4.8	8.3		0.2
Profit on sales of machinery & equipment	3.3	2.8	0.0	0.1
Other operating income	16.4	6.0	1.2	1.1
Total	44.5	36.4	6.1	5.4

€ million	Group		Parent Company	
	1.1–31.12.2001	1.1–31.12.2000	1.1–31.12.2001	1.1–31.12.2000
3) MATERIALS AND SERVICES				
Materials and supplies				
Purchases during the year	631.9	532.0		
Change in inventories	-6.8	-4.6		
Total	625.1	527.5		
Purchased services				
Purchased transport and distribution services	70.0	56.6		
Other purchased services	90.9	64.0		
Total	160.8	120.6		
Total	786.0	648.1		
4) PERSONNEL EXPENSES				
Wages, salaries & fees	344.8	296.3	5.6	4.4
Bonuses	4.3	5.9		
Pension expenses	49.4	39.9	1.2	0.9
Other social expenses	35.4	28.0	0.4	0.3
Total	433.8	370.2	7.2	5.6
REMUNERATION TO MANAGEMENT				
Presidents, Deputies and Board members				
Total	7.0	5.2	1.2	0.8
PERSONNEL, AVERAGE *)				
Sanoma	3 563	3 396		
Sanoma Magazines	1 707	779		
SWelcom	403	310		
WSOY	1 863	1 803		
Rautakirja	4 461	3 977		
Other companies **)	80	85	80	77
Total	12 077	10 350	80	77
*) stated as average number of full-time salaried personnel.				
**) Parent Company, SanomaWSOY Corporation, Swwap Oy (until 30.9.2000), and real estate and investment companies.				
5) DEPRECIATION AND DECREASE IN VALUE				
Depreciation according to plan				
Consolidated goodwill	30.5	10.3		
Goodwill	3.2	8.8		
Others	75.4	66.1	1.5	0.8
Decrease in value of non-current assets	1.2	0.7		
Total	110.3	85.8	1.5	0.8
6) OTHER OPERATING EXPENSES				
Rents	52.0	46.0	3.3	4.6
Voluntary social expenses	13.7	9.6	0.6	0.3
Advertising and marketing	95.1	71.8	0.5	0.7
Commissions	34.6	38.8		
Office and IT expenses	54.6	44.8	2.3	1.1
Travel expenses	19.2	17.1	0.5	0.3
Other expenses	84.9	75.0	5.1	3.6
Total	354.1	303.2	12.2	10.6

€ million	Group		Parent Company	
	1.1–31.12.2001	1.1–31.12.2000	1.1–31.12.2001	1.1–31.12.2000
7) FINANCIAL INCOME AND EXPENSES				
Dividend income (incl. avoird fiscal)				
From Group companies			2.4	1.8
From associated companies	2.0	1.5		
From other companies	6.4	9.1	2.8	6.7
Total	8.5	10.7	5.2	8.5
Interest from investments under non-current assets:				
From Group companies			20.4	8.0
From other companies	0.3	4.0	0.0	0.0
Total	0.3	4.0	20.4	8.0
Other interest and financial income				
From Group companies			1.8	1.1
From associated companies	0.3	0.1		
From other companies	33.6	68.3	16.3	30.0
Exchange rate gains	0.3	3.0	1.8	0.8
Total	34.2	71.4	19.9	31.9
Decrease in value of investments				
Investments under non-current assets	-0.3	0.0	13.0	
Securities under current assets	12.8	17.0	-0.1	0.1
Total	12.4	17.0	12.9	0.1
Interest and other financial expenses				
To Group companies			5.5	3.9
To associated companies		0.0		
To other companies	33.3	12.9	22.5	1.2
Exchange rate losses	1.1	1.9	0.7	1.7
Total	34.4	14.9	28.7	6.8
Total	-4.0	54.3	3.9	41.5
8) EXTRAORDINARY ITEMS				
Extraordinary income				
Group contributions received			37.0	29.3
Other extraordinary income		2.0		
Extraordinary expenses				
Group contributions given			25.5	5.6
Income tax on extraordinary items				
Total		2.0	8.2	16.8
9) DIRECT TAXES				
Tax on operational income	-39.8	-48.3	-1.0	-8.5
Change in deferred tax liability/accrued tax receivable *)	8.8	9.0		
Total	-31.0	-39.3	-1.0	-8.5
*) Change in deferred tax liability/accrued tax receivable				
From capitalisation differences	5.5	4.5		
From provisions	2.7	3.6		
From consolidation measures	0.6	0.8		
Total	8.8	9.0		

Notes to the balance sheet

SanomaWSOY

€ million	Acquisition cost at Jan. 1, 2001 a)	Differences in rates and transfers between balance sheet items	Increases b)	Decreases c)
10) NON-CURRENT ASSETS, GROUP				
Intangible assets				
Immaterial rights	26.8	10.4	37.9	-1.6
Goodwill	43.6	0.0	9.4	-2.4
Other long-term investments	88.9	1.4	21.5	-4.3
Advance payments	0.5	-0.5	0.7	-0.1
	159.8	11.3	69.5	-8.4
Consolidated goodwill				
Consolidated goodwill	107.8	-16.8	1 344.4	-0.7
Consolidation difference	-0.3	0.0	0.0	0.0
	107.5	-16.8	1 344.4	-0.7
Tangible assets				
Land and water	48.7	0.0	1.3	-0.1
Revaluations	7.9	0.0	0.0	0.0
Total land and water	56.6	0.0	1.3	-0.1
Buildings and structures	211.5	13.0	43.5	-1.5
Revaluations	9.2	0.0	0.0	0.0
Total buildings and structures	220.7	13.0	43.5	-1.5
Machinery and equipment	511.1	13.8	99.6	-42.1
Other tangible assets	10.6	8.1	69.3	-6.0
Advance payments and work in progress	34.5	-28.9	11.7	0.0
	833.5	6.0	225.3	-49.7
Investments				
Interest in associated companies e)	150.9	-7.2	36.2	-3.9
Receivables from associated companies	2.4	0.0	1.5	-0.9
Other shares and holdings	121.0	7.6	1.3	-30.7
Other receivables	1.7	0.3	0.1	-0.1
Advance payments	0.2	-0.3	0.2	0.0
	276.2	0.4	39.4	-35.7
TOTAL NON-CURRENT ASSETS	1 376.9	0.9	1 678.5	-94.4

Book value of production machinery at December 31, 2001: € 79.5 million

- a)** Acquisition costs include fixed assets entailing costs that have not been fully booked as planned depreciation and/or with a financial lifetime with time still left to run.
- b)** Includes fixed asset acquisition costs current at the time of the acquisition of companies and businesses.
- c)** Includes the acquisition costs of fixed assets that were eliminated, sold, or scrapped by the end of the year, and the purchase price current at the time of the sale of fixed assets of divested companies and business.
- d)** Includes the accumulated depreciation of acquired companies and businesses at the time of acquisition.
- e)** Acquisition costs include original purchase prices, but exclude Group-level associated company transfers.

Acquisition cost at Dec. 31, 2001	Differences in rates and bookings relating to the value of shares in associated companies	Accumulated depreciation and decrease in value at Jan. 1, 2001	Accumulated depreciation and decrease in value of decreases and transfers d)	Depreciation and decrease in value for the period	Book value at Dec. 31, 2001
73.4	-0.1	-19.0	4.7	-3.4	55.7
50.6	0.0	-34.0	-1.8	-3.2	11.6
107.5	0.0	-50.2	1.6	-13.9	44.9
0.6	0.0	0.0	0.0	0.0	0.6
232.2	-0.1	-103.3	4.5	-20.5	112.8
1 434.6	0.0	-25.5	-79.0	-30.5	1 299.7
-0.3	0.0	0.2	0.0	0.0	-0.1
1 434.3	0.0	-25.3	-79.0	-30.5	1 299.5
49.9	0.0	0.0	0.0	0.0	49.9
7.9	0.0	0.0	0.0	0.0	7.9
57.8	0.0	0.0	0.0	0.0	57.8
266.5	0.0	-48.8	-7.7	-8.3	201.7
9.2	0.0	0.0	0.0	0.0	9.2
275.7	0.0	-48.8	-7.7	-8.3	210.9
582.4	-0.1	-361.5	1.8	-49.4	173.2
82.0	0.0	-8.2	-21.7	-1.6	50.5
17.3	0.0	0.0	0.0	0.0	17.3
1 015.1	-0.1	-418.5	-27.6	-59.3	509.6
176.0	-10.4	0.0	0.0	0.0	165.7
3.0	0.0	0.0	0.0	0.0	3.0
99.2	0.0	-3.6	0.0	0.0	95.6
1.8	0.0	0.0	0.0	0.0	1.8
0.2	0.0	0.0	0.0	0.0	0.2
280.3	-10.4	-3.6	0.0	0.0	266.3
2 961.9	-10.6	-550.7	-102.1	-110.3	2 188.2

€ million	Acquisition cost at Jan. 1, 2001 a)	Transfers between balance sheet items	Increases	Decreases b)
10) NON-CURRENT ASSETS, PARENT COMPANY				
Intangible assets				
Immaterial rights	0.3	0.0	0.2	0.0
Other long-term investments	4.7	0.4	2.5	-0.1
Advance payments	0.4	-0.4	0.0	0.0
	5.3	0.0	2.8	-0.1
Tangible assets				
Land and water	6.9	0.0	0.0	0.0
Revaluations	4.8	0.0	0.0	0.0
Total land and water	11.7	0.0	0.0	0.0
Buildings and structures	2.4	0.0	0.0	0.0
Machinery and equipment	10.0	-1.3	1.4	-0.1
Other tangible assets	0.0	1.4	0.0	0.0
Advance payments and work in progress	0.1	-0.1	0.0	0.0
	24.2	0.0	1.4	-0.1
Investments				
Interest in Group companies	389.1	0.0	354.4	-28.4
Receivables from Group companies	297.8	0.0	945.0	-25.7
Interest in associated companies	4.0	-0.9	9.6	-0.5
Receivables from associated companies	0.1	0.0	0.0	0.0
Other shares and holdings	6.2	0.9	11.4	-1.2
Other receivables	1.8	-0.1	0.1	0.0
Advance payments	0.0	0.1	0.2	0.0
	699.1	0.0	1 320.7	-55.8
TOTAL NON-CURRENT ASSETS	728.6	0.0	1 324.9	-56.0

a) Acquisition costs include fixed assets entailing costs that have not been fully booked as planned depreciation and/or with a financial lifetime with time still left to run.

b) Includes the acquisition costs of fixed assets that were eliminated, sold, or scrapped by the end of the year.

Acquisition cost at Dec. 31, 2001	Differences in rates	Accumulated depreciation and decrease in value at Jan. 1, 2001	Accumulated depreciation and decrease in value of decreases and transfers	Depreciation and decrease in value for the period	Book value at Dec. 31, 2001
0.5	0.0	0.0	0.0	-0.1	0.4
7.5	0.0	-2.8	0.0	-0.8	4.0
0.0	0.0	0.0	0.0	0.0	0.0
8.0	0.0	-2.8	0.0	-0.9	4.4
6.9	0.0	0.0	0.0	0.0	6.9
4.8	0.0	0.0	0.0	0.0	4.8
11.7	0.0	0.0	0.0	0.0	11.7
2.4	0.0	-1.1	0.0	-0.1	1.3
9.9	0.0	-7.6	0.0	-0.6	1.8
1.4	0.0	0.0	0.0	0.0	1.4
0.0	0.0	0.0	0.0	0.0	0.0
25.5	0.0	-8.7	0.0	-0.7	16.2
715.1	0.0	0.0	0.0	0.0	715.1
1 217.2	0.3	0.0	0.0	0.0	1 217.5
12.2	0.0	0.0	0.0	0.0	12.2
0.1	0.0	0.0	0.0	0.0	0.1
17.4	0.0	0.0	-0.7	0.0	16.7
1.7	0.0	0.0	0.0	0.0	1.7
0.3	0.0	0.0	0.0	0.0	0.3
1 964.0	0.3	0.0	-0.7	0.0	1 963.6
1 997.5	0.3	-11.4	-0.7	-1.5	1 984.1

SHARES BOOKED UNDER NON-CURRENT ASSETS	Participation of the Parent Company %	Participation of the sub-group's parent company %	Participation of the Group %	Book value in the Parent Company 1000 €
GROUP COMPANIES				
SANOMA				
Sanoma Corporation, Helsinki *)	100.0		100.0	108,745
Arnedo Oy, Helsinki		60.0	60.0	
AS Infesto, Estonia			90.0	
Baltic Media Oy, Anjalankoski		7.3	89.0	
Bilton Capital Oy, Kouvola		100.0	100.0	
Compad Oy, Helsinki			60.0	
Esmerk Americas Inc, USA			90.0	
Esmerk Argentina S.A., Argentina			90.0	
Esmerk Brasil LTDA, Brasilia			90.0	
Esmerk GmbH, Germany			90.0	
Esmerk Information (HK) Limited, Hong Kong			90.0	
Esmerk Information AB, Sweden			90.0	
Esmerk Information S.L., Spain			89.5	
Esmerk Information SARL, France			90.0	
Esmerk Information Services Pte Ltd, Singapore			90.0	
Esmerk Information Services Sdn. Bhd., Malaysia			90.0	
Esmerk Informatsioon OÜ, Estonia			90.0	
Esmerk Limited, UK			90.0	
Esmerk Oy, Helsinki			90.0	
Esmerk ZAO, Russia			90.0	
Etelä-Karjalan Jakelu Oy, Lappeenranta			100.0	
Etelä-Saimaan Sanomalehti Oy, Lappeenranta			100.0	
Free Ad Production Oy, Tampere			100.0	
Helsingin Päivälehti Oy, Helsinki		100.0	100.0	
Infosto Oy, Tampere		100.0	100.0	
Infosto Finance Oy, Tampere			100.0	
Keskiaukeama Oy, Helsinki		100.0	100.0	
Kiinteistö Oy Myllymäentie, Vantaa	21.2	78.8	100.0	2,535
Kiinteistö Oy Tommolankatu, Kouvola			100.0	
Kiinteistö Oy Virojoen Mäkitie 3, Virolahti			100.0	
Kymen Lehtimedia Oy, Anjalankoski		86.1	100.0	
Kymen Sanomalehti Oy, Kotka			100.0	
Kymen Viestintä Oy, Kouvola			100.0	
Lehtikanta Oy, Kouvola			100.0	
Lehtikuva Oy, Helsinki		100.0	100.0	
Leijonajakelu Oy, Vantaa		100.0	100.0	
Mailit Oy, Tampere			100.0	
Nytnet Oy, Helsinki		80.0	80.0	
Päiväverkko Oy, Vantaa		100.0	100.0	
Saimaan Lehtipaino Oy, Lappeenranta			100.0	
Startel Oy, Helsinki		90.0	90.0	
Tampereen Sanomain Oy, Helsinki		100.0	100.0	
Utisvuoksi Oy, Imatra			100.0	
SANOMA MAGAZINES				
Sanoma Magazines B.V., The Netherlands *)	100.0		100.0	345,554
Lastannet Open B.V., The Netherlands			100.0	
Sanoma Magazines Nederland B.V., The Netherlands		100.0	100.0	
Sanoma Magazines Participations B.V., The Netherlands		100.0	100.0	

*) Parent company of the sub-group

SHARES BOOKED UNDER NON-CURRENT ASSETS	Participation of the Parent Company %	Participation of the sub-group's parent company %	Participation of the Group %	Book value in the Parent Company 1000 €
Aldipress				
B.V. Aldipress, The Netherlands			100.0	
De Grebbe Tijdschriftetenen Boekendistribution B.V., The Netherlands			100.0	
Hedinet Vastgoed B.V., The Netherlands			100.0	
Sanoma Verkoopgroep B.V., The Netherlands			100.0	
Sanoma Magazines Belgium B.V. (Mediaxis)				
Mediaxis N.V., Belgium		100.0	100.0	
N.V. Uitgevers Maatschappij, Belgium			100.0	
Sanoma Magazines International				
Sanoma Magazines International B.V., The Netherlands		100.0	100.0	
BEAP Holdco Ltd, United Kingdom		100.0	100.0	
British European Associated Publishers Limited, United Kingdom			100.0	
Editor-International B.V., The Netherlands			100.0	
Egyesült Reklám Kft., Hungary			100.0	
EKH Egyesült Kiadói Holding Kft., Hungary			100.0	
Erasmus Press Kiadói Kft., Hungary			100.0	
Mona Spol s.r.o., Czech Republic			100.0	
Project Constable Unlimited, United Kingdom			100.0	
Puzzle People Ltd., United Kingdom			100.0	
Puzzle Solutions Ltd., United Kingdom			100.0	
Roof s.r.o., Czech Republic			100.0	
S+N Bratislava s.r.o., Slovakia			90.0	
Sanoma Hearst Prague B.V., The Netherlands			60.0	
Sanoma Stratosfera B.V., The Netherlands			100.0	
Strategie na Slovensku, Slovakia			100.0	
Via Classiss s.r.o., Slovakia			100.0	
Vicomobil Kft., Hungary			100.0	
VNU Budabest Lapkiadó Rt, Hungary			100.0	
VNU Hearst Romania s.f.l., Romania			65.0	
Sanoma Uitgevers				
Sanoma Uitgevers, The Netherlands			100.0	
Accres Uitgevers B.V., The Netherlands			100.0	
All Service B.V., The Netherlands			100.0	
Body Trend Nederland B.V., The Netherlands			100.0	
Consultancy Marketing Ltd, United Kingdom			100.0	
Cosmos Home Entertainment B.V., The Netherlands			100.0	
De Woonbeurs B.V., The Netherlands			75.0	
Domestic Film Corporation B.V., The Netherlands			100.0	
Felicitas B.V., The Netherlands			100.0	
Felicitas Direct Promotion & Publishing B.V., The Netherlands			100.0	
Geomatic International B.V., The Netherlands			100.0	
H.P.R. Holding B.V., The Netherlands			75.0	
IBS Boeken B.V., The Netherlands			100.0	
IBS N.V., Belgium			100.0	
Ilse Media Group B.V., The Netherlands			58.7	
Lastannet Entertainment II B.V., The Netherlands			100.0	
Marie Aubain Uitgeverij B.V., The Netherlands			100.0	
MediaNet B.V., The Netherlands			58.7	
Mediastud B.V., The Netherlands			100.0	
Nordulex Kinderboekenclub B.V., The Netherlands			100.0	
OM Video 2001's -Gravenhage B.V., The Netherlands			100.0	
OPS B.V., The Netherlands			100.0	
Prolix B.V., The Netherlands			100.0	
Prommix Groep B.V., The Netherlands			100.0	

	Participation of the Parent Company %	Participation of the sub-group's parent company %	Participation of the Group %	Book value in the Parent Company 1000 €
SHARES BOOKED UNDER NON-CURRENT ASSETS				
Promotess & Presentatie B.V., The Netherlands			100.0	
R.C.V. 2001 Nederland B.V., The Netherlands			100.0	
R.C.V. Entertainment B.V., The Netherlands			100.0	
R.C.V. Entertainment Belgique N.V., Belgium			100.0	
R.C.V. Film Distribution B.V., The Netherlands			100.0	
Saga Hollandia B.V., The Netherlands			100.0	
Startpagina B.V., The Netherlands			58.7	
Still Visual Entertainment Investments BVBA, Belgium			100.0	
Still Visual Investments B.V., The Netherlands			100.0	
Tableau Fine Arts Magazine B.V., The Netherlands			100.0	
The Merry Christmas Fair B.V., The Netherlands			70.0	
Top Santé VOF, The Netherlands			60.0	
Uitgeverij De Kreatieve Pers B.V., The Netherlands			100.0	
Uitgeverij F.H. Cisunitas B.V., The Netherlands			100.0	
Uitgeverij Fiets B.V., The Netherlands			100.0	
Uitgerevij Nokerizon B.V., The Netherlands			100.0	
Uitgerevij Publipress B.V., The Netherlands			100.0	
Uitgeverij Veldhuis B.V., The Netherlands			100.0	
Uitgeverij Woudestein B.V., The Netherlands			100.0	
VNU Admedia International BVBA, Belgium		99.9	100.0	
VNU Anzeigenvermittlung GmbH, Germany		100.0	100.0	
VNU TG France SARL, France		90.0	100.0	
VNU Tijdschriften Digitaal B.V., The Netherlands			100.0	
VNU Tijdschriften Digitaal Ontwikkeling B.V., The Netherlands			100.0	
Sanoma Magazines Finland				
Sanoma Magazines Finland Oy, Helsinki *)	100.0		100.0	36,637
Liiketieto-Business Information Oy, Helsinki		100.0	100.0	
Milvus Förlags AB, Sweden		100.0	100.0	
Suomalainen Yritystiedosto Oy, Helsinki		100.0	100.0	
Suomen Rakennuslehti Oy, Helsinki		60.0	60.0	
SWELCOM				
SWelcom Oy, Helsinki *)	100.0		100.0	4,250
2ndhead Oy, Helsinki		100.0	100.0	
Helsinki Televisio Oy, Helsinki		100.0	100.0	
Oy Måndag Ab, Helsinki			100.0	
Oy Ruutunelonen Ab, Helsinki		90.6	90.6	
Oy Suomen Medianelonen Ab, Helsinki			90.6	
SW Television Oy, Helsinki		100.0	100.0	
Tuotantotalo Werne Oy, Helsinki		75.8	100.0	
WSOY				
Werner Söderström Corporation, Helsinki *)	100.0		100.0	78,618
AB Förlagsinkasso, Sweden			100.0	
Ajasto Osakeyhtiö, Vantaa		100.0	100.0	
Almanacksförlaget, Sweden			100.0	
Bertmark A/S Danmark, Denmark			100.0	
Bertmark Media AB, Sweden			100.0	
Bertmark Norge AS, Norway			100.0	
Bertmarks Förlag AB, Sweden			100.0	
Docendo Finland Oy, Jyväskylä		100.0	100.0	
Docendo Norge AS, Norway			100.0	
Docendo Produktion Aktiebolag, Sweden			100.0	
Docendo Sverige AB, Sweden		100.0	100.0	
Emil Moestue AS, Norway			100.0	
Everscreen AB, Sweden			64.0	

	Participation of the Parent Company %	Participation of the sub-group's parent company %	Participation of the Group %	Book value in the Parent Company 1000 €
SHARES BOOKED UNDER NON-CURRENT ASSETS				
Everscreen Oy, Helsinki		64.0	64.0	
Genimap Oy, Helsinki		90.0	90.0	
Karinkorpi I Oy, Vihti			100.0	
Kiinteistö Oy Bulevardi 12, Helsinki		100.0	100.0	
Kiinteistö Oy Bulevardi 14, Helsinki		78.8	78.8	
Kustannusperintä Oy, Espoo			100.0	
Lönnberg Painot Oy, Helsinki		100.0	100.0	
Nummi-Plast Oy, Helsinki			100.0	
Tummavuoren Kirjapaino Oy, Vantaa		80.0	80.0	
Weilin+Göös Oy, Helsinki		100.0	100.0	
Werner Söderström GmbH, Germany		100.0	100.0	
WS Bookwell Oy, Porvoo		100.0	100.0	
WSOY - Hyvä-Kirja Oy, Helsinki		100.0	100.0	
WSOY Koulukanava Oy, Helsinki		100.0	100.0	
RAUTAKIRJA				
Rautakirja Oyj, Vantaa *) **)	2.3		57.0	6,852
AS Megapanus, Estonia			90.0	
AS MPDE, Estonia			100.0	
Astro Raamatüd OÜ, Estonia			60.0	
Asunto Oy Imatran Sassinkulma, Imatra		74.7	74.7	
Baltic Cinema SIA, Latvia			90.0	
Eurostrada Oy, Vantaa		100.0	100.0	
Ferete Oy, Vantaa		100.0	100.0	
Finnkino Oy, Vantaa		100.0	100.0	
Foodstop Oy, Vantaa			99.0	
Interprint Oy, Helsinki			100.0	
Kiinteistö Oy Hallahepe, Toijala		100.0	100.0	
Kiinteistö Oy Jokela City 1, Tuusula		100.0	100.0	
Kiinteistö Oy Keravan Toripaviljonki, Kerava		50.8	50.8	
Kiinteistö Oy Kuusankosken Kioski, Kuusankoski		58.9	58.9	
Kiinteistö Oy Porin Liisankatu 6, Pori		100.0	100.0	
Kiinteistö Oy Porin Promenadikeskus, Pori		73.2	73.2	
Kiinteistö Oy Salon Torikioski, Salo		55.6	55.6	
Lehti-Maja Eesti AS, Estonia		100.0	100.0	
Lehtipiste Oy Pressco, Vantaa		100.0	100.0	
Suomalainen Kirjakauppa Oy, Helsinki		100.0	100.0	
UAB Vingio kino teatras, Lithuania			90.0	
REAL ESTATE AND INVESTMENT COMPANIES				
ECI Communications AG, Switzerland			100.0	
Kiinteistö Oy Myllymäenpolku, Helsinki	100.0		100.0	2,535
Kiinteistö Oy Porvoon Mannerheiminkatu 20, Porvoo	100.0		100.0	1,682
Kiinteistö Oy Postikuja 2, Helsinki	100.0		100.0	4,200
Kiinteistö Oy Vantaan Valtatie 3, Helsinki	100.0		100.0	5,887
Kiinteistö Oy Vantaankosken Isotammi, Helsinki	100.0		100.0	790
Kiinteistö Oy Vantaankosken Kuningastie, Helsinki	100.0		100.0	505
Kiinteistöosakeyhtiö Erottajankatu 9–11, Helsinki	100.0		100.0	10,731
Kiinteistöosakeyhtiö Miekkakala, Helsinki	77.7		77.7	10,231
Kiinteistöosakeyhtiö Sanomalan Keskusalue, Helsinki	100.0		100.0	17,324
Lastannet Oy, Hyvinkää	100.0		100.0	3
Monsaksenpolun Kiinteistö Oy, Helsinki	100.0		100.0	6,896
Sanoma Finance AG, Switzerland	100.0		100.0	70,161
Sanoma Inc., USA	100.0		100.0	816
Sanoma WSOY AS, Norway	100.0		100.0	1,682
Tiikerijakelu Oy, Helsinki	100.0		100.0	1,001

717,634

*) Parent company of the sub-group

**) Group holding: Sanoma Corporation 22.94%, Werner Söderström Corporation 31.73% and SanomaWSOY Corporation 2.31%.

SHARES BOOKED UNDER NON-CURRENT ASSETS	Participation of the Parent Company %	Participation of the sub-group's parent company %	Participation of the Group %	Book value in the Parent Company 1000 €
ASSOCIATED COMPANIES				
SANOMA				
Anjalankosken Painotalo Oy, Anjalankoski			48.2	
Ecovision AB, Sweden			33.4	
Ilkka Oyj, Seinäjoki			34.1	
Janton Oyj, Helsinki		21.4	21.4	
Maakuntien Viestintä Oy, Jyväskylä		3.0	46.0	
Netwheels Oy, Helsinki		20.1	20.1	
Suomen Tietotoimisto Oy, Helsinki		20.8	22.1	
ZAO Smena, Russia		25.1	25.1	
SANOMA MAGAZINES				
Sanoma Magazines Belgium (Mediaxis)				
Clickx Magazine N.V., Belgium			50.0	
eSpirit N.V., Belgium			50.0	
Repropress CVBA, Belgium			36.0	
S.B.P.P. N.V., Belgium			50.0	
Sanoma Magazines International				
Euromédia Lapkiadó Bt, Hungary			49.1	
Europress Lapkiadó Kft, Hungary			49.0	
Hearst-VNU Budabest Lapkiadó Kft, Hungary			50.0	
Kiadói Lapterjesztő Kereskedelmi Kft, Hungary			34.2	
Kiadói Vagyonkezelő Kft, Hungary			20.0	
NewsCo Kft, Hungary			40.0	
Stratosféra s.r.o., Czech Republic			30.0	
Sanoma Uitgevers				
AKN CV, The Netherlands			25.0	
B.V. Programmabladen AKN, The Netherlands			25.0	
Felicitas Promotions AG, Switzerland			49.0	
Geïllustreerde Pers / Marie Clair VOF, The Netherlands			50.0	
Home & Garden B.V., The Netherlands			50.0	
Linndata Systems LLC, USA			21.0	
Medical Media B.V., The Netherlands			50.0	
Quattro Voci B.V., The Netherlands			25.0	
Reprojekt B.V., The Netherlands			50.0	
Rock Solid Investments B.V., The Netherlands			50.0	
Sportweek Media B.V., The Netherlands			50.0	
Stone Mountain Investments B.V., The Netherlands			35.0	
Sanoma Magazines Finland				
Egmont Kustannus Oy Ab, Tampere		50.0	50.0	
Hansaprint Oy, Turku		40.0	40.0	
Oy Kirjalito Ab, Vantaa		50.0	50.0	
Oy Pro Licensing Nordic Ab, Helsinki		50.0	50.0	
SWELCOM				
Maxisat Oy, Helsinki			46.2	
Platco Oy, Helsinki		33.3	33.3	
Suomen Urheiluradio Oy, Helsinki		30.0	30.0	
Suomen Urheilutelevisio Oy, Helsinki		35.0	35.0	
Vantaan Yhteisverkko Oy, Vantaa			24.0	
WSOY				
Asunto Oy Uudenmaankatu 13, Helsinki		26.7	26.7	
Taskukirja Loisto Oy, Helsinki		25.0	25.0	
Young Digital Poland S.A., Poland		49.0	49.0	

SHARES BOOKED UNDER NON-CURRENT ASSETS	Participation of the Parent Company %	Participation of the sub-group's parent company %	Participation of the Group %	Book value in the Parent Company 1000 €
RAUTAKIRJA				
AB Districo International		25.0	25.0	
AS Lehepunkt, Estonia		50.0	50.0	
Asunto Oy Kuopion Suomurain, Kuopio			26.0	
Asunto Oy Maaherrank. 26, Mikkeli		36.1	36.1	
Asunto Oy Oulunkylänt. 7, Helsinki		30.0	30.0	
Asunto Oy Tikkurilan Asematie 6, Vantaa		38.0	38.0	
Asunto Oy Veljeskulma, Virkkala		23.7	23.7	
Asunto Oy Vihdin Yhdystalo, Vihti		25.8	25.8	
Baltlab OÜ, Estonia			33.3	
JHC Arena Holding, Helsinki		30.0	30.0	
Jokerit HC Oyj, Helsinki		36.4	36.4	
Kiint. Oy Haminan Puistokatu 4, Hamina		22.0	22.0	
Kiint. Oy Haukiputaan Revontie 1, Haukipudas		48.2	48.2	
Kiint. Oy Hämeenkatu 12, Hyvinkää		46.0	46.0	
Kiint. Oy Joutsenon Torirakennus, Joutseno		28.4	28.4	
Kiint. Oy Kiuruveden Toritalo, Kiuruvesi		23.0	23.0	
Kiint. Oy Kuopion Tullinportink. 33, Kuopio		32.7	32.7	
Kiint. Oy Köpmansgatan 2 i Karis, Karjaa		39.0	39.0	
Kiint. Oy Loimaan Torikioski, Loimaa		38.6	38.6	
Kiint. Oy Mikkelin Torikioski, Mikkeli		36.6	36.6	
Kiint. Oy Nastolan Nappi, Nastola		44.4	44.4	
Kiint. Oy Nokian Liikekeskus, Nokia		34.4	34.4	
Kiint. Oy Palosaarentie 31, Vaasa		21.5	21.5	
Kiint. Oy Puistolank. Pankkitalo, Helsinki		41.8	41.8	
Kiint. Oy Ristiniemi, Pieksämäki		33.4	33.4	
Kiint. Oy Ruukintori, Ruukki		23.7	23.7	
Kiint. Oy Sampotalo, Pori		48.0	48.0	
Kiint. Oy Taulumäen Toripaviljonki		47.6	47.6	
Kiint. Oy Välikero, Rovaniemi			39.5	
Kirjavälitys Oy, Vantaa		17.6	20.3	
Koivulan Säästökulma, Pori		20.5	20.5	
Kokkolan Linja-autoas.kiint. Oy, Kokkola		20.4	20.4	
Nakkilan Liikekeskus Oy, Nakkila		24.5	24.5	
Narvesen Baltija SIA, Latvia		50.0	50.0	
a/s Preses Apvieniba, Latvia			42.5	
Pro Kirja Oy, Helsinki			50.0	
SIA Stockmann Centrs, Latvia		35.0	35.0	
Valkeakosken Yhteistalo Oy, Valkeakoski		39.1	39.1	
SanomaWSOY Corporation and other companies				
A-pressen ASA, Norway			29.6	
Kiint. Oy Helsingin Uudenmaankatu 16–20, Helsinki	25.1		25.1	9,620
				9,620
OTHER SHARES OWNED BY THE PARENT COMPANY				
Shares in housing corporations				10,533
Other shares				6,181
				16,714

€ million	Group 31.12.2001	31.12.2000	Parent Company 31.12.2001	31.12.2000
10) NON-CURRENT ASSETS				
Intangible assets				
Immaterial rights	55.7	7.7	0.4	0.2
Goodwill	11.6	9.6		
Other long-term investments	44.9	38.7	4.0	1.9
Advance payments	0.6	0.5		0.4
	112.8	56.5	4.4	2.5
Consolidated goodwill	1 299.5	82.1		
Tangible assets				
Land and water	57.8	56.6	11.7	11.7
Buildings and structures	210.9	171.9	1.3	1.3
Machinery and equipment	173.2	149.7	1.8	2.4
Other tangible assets	50.5	2.4	1.4	
Advance payments and work in progress	17.3	34.5		0.1
	509.6	415.1	16.2	15.5
Investments				
Interest in Group companies			715.1	389.1
Receivables from Group companies			1 217.5	296.4
Interest in associated companies	165.7	152.0	12.2	4.0
Receivables from associated companies	3.0	2.4	0.1	0.1
Other shares and holdings	95.6	117.4	16.7	6.2
Other receivables	1.8	1.7	1.7	1.8
Advance payments	0.2	0.2	0.3	
	266.3	273.7	1 963.6	697.7
Total	2 188.2	827.4	1 984.1	715.8
11) INVENTORIES				
Materials and supplies	10.7	5.9		
Work in progress	6.2	6.3		
Finished products/goods	73.6	61.5		
Other inventories	17.7	17.2		
Advance payments	14.5	11.3		
Total	122.6	102.2		
12) LONG-TERM RECEIVABLES				
Trade receivables	2.9	3.5		
Prepaid expenses and accrued income	15.0	5.2	10.3	
Loan receivables	3.1	0.0		
Other receivables	3.5	3.2		
Deferred tax receivables	38.8	31.4		
Total	63.3	43.2	10.3	
Receivables from associated companies				
Loan receivables	0.6			
Total	0.6			

€ million	Group 31.12.2001	31.12.2000	Parent Company 31.12.2001	31.12.2000
13) SHORT-TERM RECEIVABLES				
Trade receivables	228.3	99.6	0.6	0.1
Prepaid expenses and accrued income *)	49.9	30.3	71.4	46.5
Loan receivables	3.9	3.3	14.3	9.0
Other receivables	24.1	15.2	1.8	2.5
Deferred tax receivables	4.7	1.1		
Total	311.0	149.5	88.2	58.1
Receivables from Group companies				
Trade receivables			0.6	0.1
Prepaid expenses and accrued income			68.8	44.5
Loan receivables			14.3	9.0
Total			83.8	53.6
Receivables from associated companies				
Trade receivables	0.1	1.3		
Prepaid expenses and accrued income	0.0	0.0		
Loan receivables	3.2	2.5		
Total	3.4	3.8		
*) Prepaid expenses and accrued income, short-term				
Prepaid personnel expenses	3.7	3.8		
Accrued interest income	1.2	1.5	13.9	2.9
Prepaid/accrued income tax	3.8	2.7	0.4	
Other prepaid expenses and accrued income	41.3	22.2	57.1	43.5
Total	49.9	30.3	71.4	46.5

Other prepaid expenses and accrued income include prepaid agency commissions and postal charges, as well as the Rautakirja Group's estimate for returned magazines.

14) DIFFERENCE BETWEEN THE REACQUISITION COST AND THE BOOK VALUE OF SHARES AND SECURITIES

Publicly traded shares and holdings under non-current assets

Reacquisition cost	89.8	102.9		
Book value	76.7	80.6		
Difference	13.1	22.3		

Securities

Reacquisition cost	336.4	344.2	66.5	128.4
Book value	282.6	268.3	33.9	85.7
Difference	53.9	75.9	32.6	42.7

€ million	Group 31.12.2001	31.12.2000	Parent Company 31.12.2001	31.12.2000
15) SHAREHOLDERS' EQUITY				
Share capital at Jan. 1	62.6	61.2	62.6	61.2
Share issue		1.4		1.4
Share capital	62.6	62.6	62.6	62.6
Premium fund at Jan. 1	16.1	16.1		
Premium fund	16.1	16.1		
Contingency fund at Jan. 1		1.1		
Transfer of profits		-1.1		
Contingency fund		0.0		
Other funds at Jan. 1	364.1	364.5	355.7	357.0
Change	0.3	-0.5		-1.4
Other funds	364.4	364.1	355.7	355.7
Profit (loss) brought forward at Jan. 1	379.9	343.2	272.1	300.2
Dividends	-65.0	-62.5	-68.4	-65.8
Change in translation difference	5.9	4.2		
HTV connection fees	1.4	1.0		
Other changes	-0.7	-0.1	-0.3	-0.3
Profit (loss) brought forward	321.5	285.7	203.4	234.1
Profit (loss) for the year	47.8	94.2	-3.9	38.0
Capital notes at Jan. 1	7.3	10.2		
Changes	200.1	-3.0	200.0	
Capital notes	207.3	7.3	200.0	
Total shareholders' equity	1 019.7	829.9	817.8	690.3

Convertible capital note

A convertible capital note of EUR 200,000,000 was issued by the Parent Company on August 31, 2001 and trading in the subordinated notes on the Helsinki Exchanges began on September 6, 2001. In line with the terms of Section 5 of the Companies Act, the capital note has been booked under shareholders' equity.

The main terms of the notes are as follows:

1. A fixed annual interest of 5.25% is paid on the notes. Interest is payable annually in the event that the sum concerned can be used for distribution of the profits in line with the confirmed balance sheet of the Company and the Group for the latest financial year.
2. Subscribers are allowed to convert their subordinated notes into a maximum of 12,570,710 SanomaWSOY Corporation Series B shares. The Board has determined that the imputed conversion price of one share shall be EUR 15.91, representing a premium of 30% to the trading-weighted price of the Series B share on the Helsinki Exchanges between July 20, 2001 and August 20, 2001. The period for conversion began on January 2, 2002 and will end on June 20, 2007. Conversion can be effected between January 2 and November 30 annually.
3. The loan period extends to July 4, 2007, when the notes shall be repaid in total, on condition that the shareholders' equity and other non-distributable items contained in the Company's and Group's balance sheet for the last full financial period are fully covered. Under the terms of the notes, SanomaWSOY is entitled, as of September 1, 2004, to repay in advance the capital of the notes in full at a rate of 100% together with interest that has accrued by the payment date, on condition that all the relevant terms of the notes specified in the prospectus are complied with.
4. In the event of the Company being dissolved or being declared bankrupt, payment of the principal, interest, and other considerations related to the notes can only be made after other creditors have received due payment.

€ million	Group		Parent Company	
	31.12.2001	31.12.2000	31.12.2001	31.12.2000
Distributable earnings at Dec. 31				
Other distributable funds	355.7	355.8	355.7	355.7
Profit brought forward	321.5	285.7	203.4	234.1
Profit for the year	47.8	94.2	-3.9	38.0
Depreciation difference booked in equity	-78.5	-83.7		
Interest or other reimbursement payable on capital note	-2.4	-1.6		
Earnings distributable from equity	644.1	650.3	555.2	627.8

Share capital and share series (Parent Company):

NUMBER OF SHARES

Series A shares (20 votes / share)	23 220 492
Series B shares (1 vote / share)	122 301 104

NOMINAL VALUES

	€
Series A shares (20 votes / share)	9 984 811.56
Series B shares (1 vote / share)	52 589 474.72

Tiikerijakelu Oy holds 7,187,276 SanomaWSOY Series B shares, with a nominal value of EUR 3,090,528.68. The Group's acquisition cost associated with these shares totalled EUR 10,632,104.01.

16) ACCUMULATED PROVISIONS

Accumulated provisions in the Parent Company consist of cumulative depreciation differences.

17) STATUTORY PROVISIONS

Pension liability reserve	4.2	2.3
Other statutory reserves	3.9	
Total	8.1	2.3

18) DEFERRED TAX LIABILITIES/RECEIVABLES

DEFERRED TAX RECEIVABLES

From capitalisation differences	40.9	30.0
From provisions	0.0	
From consolidation measures	2.6	2.5
Total	43.5	32.5

DEFERRED TAX LIABILITIES

From capitalisation differences	2.7	0.9
From provisions	33.5	36.2
From consolidation measures	0.4	0.5
Total	36.6	37.6

DEFERRED TAXES IN CONSOLIDATED BALANCE SHEET

Long-term receivables	38.8	31.4
Short-term receivables	4.7	1.1
Long-term liabilities	34.5	37.6
Short-term liabilities	2.1	
Total deferred tax liabilities(-)/receivables(+)	6.9	-5.1

The estimated income tax on the value appreciation of land and buildings totals EUR 4.9 million.

€ million	Group 31.12.2001	31.12.2000	Parent Company 31.12.2001	31.12.2000
19) LONG-TERM LIABILITIES				
Loans from financial institutions	825.5	21.0	800.0	
Pension loans	53.6	63.4		
Accrued expenses and deferred income	22.8			
Other debts	20.8	1.5	10.0	
Total	922.7	85.9	810.0	
Liabilities to Group companies				
Other debts			10.0	
Total			10.0	
Debts maturing in five years or later				
Loans from financial institutions	2.6	3.1		
Pension loans	8.0	13.3		
Other debts	0.3	0.7		
Total	10.8	17.0		
20) CURRENT LIABILITIES				
Loans from financial institutions	172.4	2.2	100.0	
Pension loans	6.4	6.5		
Commercial papers	127.0	63.5	127.0	63.5
Trade payables	177.1	87.6	0.8	2.9
Accrued expenses and prepaid income *)	230.8	137.4	23.7	19.8
Advances received	95.5	50.8	0.0	
Other debts	134.6	22.7	241.6	88.0
Total	943.7	370.7	493.1	174.2
Liabilities to Group companies				
Trade payables			0.4	0.5
Accrued expenses and prepaid income			1.8	5.9
Other debts			241.1	87.6
Total			243.3	93.9
Liabilities to associated companies				
Trade payables	1.2	2.0		
Accrued expenses and prepaid income		0.1		
Advances received		0.2		
Other debts	0.3	0.3		
Total	1.5	2.6		
*) Accrued expenses and deferred income				
Accrued personnel expenses	83.4	67.0	1.6	1.1
Accrued interest expenses	26.3	0.9	17.5	0.5
Accrued/deferred income tax	12.4	14.9		10.6
Other accrued expenses and deferred income	108.7	54.6	4.6	7.7
Total	230.8	137.4	23.7	19.8

Other accrued expenses and deferred income include accrued royalties and printing expenses, as well as Rautakirja Group's income on magazine sales from its consignment stock and accrued car ticket expenses.

€ million	Group 31.12.2001	31.12.2000	Parent Company 31.12.2001	31.12.2000
21) CONTINGENCIES AND PLEDGED ASSETS				
Debts with collateral consisting of real estate and shares				
Pension loans	21.7	25.3		
Loans from financial institutions	6.7	7.9		
Other loans	13.3	15.1		
Mortgages, real estate, total	21.9	21.9		
Mortgages, movable property, total	2.9	3.2		
Pledged securities, total	54.3	54.3		
Other contingencies for own commitments				
Mortgaged bearer bonds	0.9	0.9		
Corporate mortgages	4.7	4.9		
Book value of pledged securities	10.7	19.5	2.2	4.4
Deposits	1.1	0.2		
Guarantees	27.6	2.5		
Total	45.1	28.1	2.2	4.4
Assets pledged as security for derivative instruments included LEX share lendings with a total book value of EUR 1.7 million.				
Contingencies given on behalf of Group companies				
Guarantees			95.4	
Total			95.4	
Contingencies given on behalf of associated companies				
Guarantees	8.9	1.0		
Total	8.9	1.0		
Contingencies given on behalf of other companies				
Guarantees	24.5	0.8		0.4
Total	24.5	0.8		0.4
Other contingencies				
Leasing liabilities				
Leasing liabilities for 2002	8.9	2.3		
Leasing liabilities beyond 2002	36.3	2.4		
Total	45.2	4.7		
Interests on capital notes	2.4	1.6		
Pension liabilities				
Current pensions		0.6		
Total		0.6		
Repurchase liabilities	1.3	3.3		
Other liabilities	19.3	13.2		0.1
Other contingencies, total	68.2	23.4		0.1
All liabilities, total	225.9	132.7	97.6	4.8

€ million	Group 31.12.2001	31.12.2000	Parent Company 31.12.2001	31.12.2000
NOMINAL VALUE OF OPEN DERIVATIVE CONTRACTS				
Interest rate derivatives				
Forward contracts	200.0		200.0	
Options				
Purchased	480.0		480.0	
Written	480.0		480.0	
Interest rate swaps	400.0		400.0	
Total	1 560.0		1 560.0	
Currency derivatives				
Forward contracts	36.2	47.5		6.7
Total	36.2	47.5		6.7
Share derivatives				
Forward contracts	32.9	22.1	18.1	17.6
Total	32.9	22.1	18.1	17.6
Total	1 629.1	69.6	1 578.1	24.3
MARKET VALUE OF OPEN DERIVATIVE CONTRACTS				
Interest rate derivatives				
Forward contracts	-0.1		-0.1	
Options				
Purchased	1.5		1.5	
Written	-1.1		-1.1	
Interest rate swaps	1.1		1.1	
Total	1.4		1.4	
Currency derivatives				
Forward contracts	-0.2	3.9		0.5
Total	-0.2	3.9		0.5
Share derivatives				
Forward contracts	0.2	-0.8	0.3	-0.8
Total	0.2	-0.8	0.3	-0.8
Total	1.4	3.1	1.7	-0.4

22) FINANCIAL RISK MANAGEMENT

SanomaWSOY's treasury and asset management activities are managed through the Parent Company's Group Treasury and Asset Management function, the operations of which are covered by a set of guidelines approved by the Board of Directors. In contrast to the rest of the Group's divisions, Rautakirja handles its treasury and asset management independently.

The Group's financing risks are associated with interest- and equity-related risks, currency risks, credit risks, and liquidity risks. The objective of risk management is to identify risks and hedge against them as appropriate. In practice, financial risks are linked to the loan portfolio and asset management activities.

Interest- and equity-related risks

The Group's interest-related risks are mainly linked to changes in market interest rates affecting SanomaWSOY's loan portfolio. Interest-related risks are managed using a mixture of fixed- and variable-interest instruments. Interest swap agreement, interest forward rate agreements, and options are used to hedge against interest-related risks.

As of the end of 2001, variable-rate loans, including interest rate swap agreements, accounted for around 30% of the loan portfolio. SanomaWSOY's loan portfolio is largely comprised of bank loans (six-month reference rate), commercial paper (one-month), the Group's convertible capital note issue (4.7 year duration), and other smaller loans.

The operations of the Asset Management Unit are based on an efficient diversification of risk through securities representing a range of geographical areas, industries, and interest profiles. Interest-bearing investments mainly comprise short-term deposits and money market investments. Equity investments comprise shares in listed liquid global blue chip companies. The focus is on enabling funds to be available for the needs of the Group's businesses.

Currency risks

Currency risks are mainly associated with the Group's asset management activities, as the bulk of the operational cash flow is Euro-based. The Group's business outside the Euro area currently represents under 10% of SanomaWSOY's overall net sales. Significant currency risks are hedged.

Liquidity risks

Liquidity risks are linked to debt servicing, payment of dividends, financing investments, and the need to maintain a sufficient level of working capital. SanomaWSOY aims to minimise its liquidity risks by ensuring a sufficient level of income financing, maintaining adequate credit lines and asset reserves, and by balancing repayment programmes over a number of calendar years.

As of the closing date, the Group had the following financing programmes and unused credit lines in place:

- a convertible capital notes issue of EUR 200 million (to fall due on July 7, 2007). See Note 15 for more details.
- a syndicated revolving credit facility of EUR 800 million, used in total (to fall due in total on July 20, 2006)
- a bilateral revolving credit facility of EUR 400 million, of which EUR 300 million is unused (to fall due on July 20, 2002)
- a Finnish commercial paper programme of EUR 335 million, of which EUR 207 million is unused
- Finnish credit lines of EUR 128 million, of which a portion are unused.

Credit risks

SanomaWSOY's credit risks are associated with its operational business activities and the Group's asset management activities. To minimise counterparty risks in asset management operations, the Group only selects investments and does business with counterparties and partners that are considered of a leading and reputable nature.

Shares and shareholders

SanomaWSOY

Share capital and share series

Share capital (EUR) as of Dec. 31, 2001	All shares	Shares on the market
Series A	9 984 812	9 984 812
Series B	52 589 475	49 498 946
Total	62 574 286	59 483 758

Under SanomaWSOY's Articles of Association, the Company's minimum share capital is set at EUR 50,000,000 and its maximum at EUR 200,000,000. The share capital can be increased or reduced within these limits without amending the Articles of Association.

The Company's shares are divided into two series, Series A (20 votes) and Series B (1 vote). All shares entitle holders to the same dividend.

Convertible capital notes issue

In accordance with an authorisation granted by the Extraordinary General Meeting on August 21, SanomaWSOY's Board of Directors decided to make a convertible capital notes issue for subscription by investors in Finland. Trading in the subordinated notes began on the Helsinki Exchanges on September 6, 2001.

A fixed annual interest of 5.25% is payable on the notes. Holders are entitled to convert notes into a maximum of 12,570,710 SanomaWSOY Series B shares; this is equivalent to 7.95% of all shares after such a conversion and 2.10% of votes. If all notes were converted, the Company's share capital would increase by EUR 5,405,405.

The conversion period began on January 2, 2002. The imputed share price is EUR 15.91 or a 30% premium above the trading-weighted average share price of Series B shares between July 20, 2001 and August 20, 2001 on the Helsinki Exchanges (EUR 12.24).

The loan period runs between August 31, 2001 and July 4, 2007. The loan will be repaid in one sum on July 4, 2007 on condition that the terms of repayment are met. SanomaWSOY is entitled to redeem the notes from September 1, 2004 onwards in the event that SanomaWSOY's share price exceeds the imputed exchange price (EUR 15.91) by 100%, or is at least EUR 31.82, during the preceding period and on condition that the other terms of repayment are met.

Warrants for management

After the end of the year under review, on January 31, 2002, the Board exercised its authority received from the Extraordinary General Meeting held on August 21, 2001 to issue warrants to management. The issue comprises a maximum of 4,500,000 warrants, each entitling the holder to one SanomaWSOY Corporation Series B share. The warrants will be distributed in three stages, at the turn of 2001/2002, 2002/2003, and 2003/2004. The subscription period will begin three years from the issue date.

At the beginning of 2002, the Board decided to distribute some 700,000 warrants to 101 senior managers within the Group; the remainder were held for later distribution at the Board's discretion. The latter warrants were transferred to SanomaWSOY's wholly owned subsidiary, Tiikerijakelu Oy, which will be entitled to distribute them on behalf of the SanomaWSOY Board.

The number of shares covered by the above warrants is equivalent to a total of a maximum of 3.0% of the Company's shares and 0.8% of votes. Warrants issued at the beginning of 2002 represented approximately 0.5% of the Company's shares and around 0.1% of votes.

Share listing and share codes

SanomaWSOY's shares are listed on the Main List of the Helsinki Exchanges, and are identified in the latter's trading system as SWSAV and SWSBV. The following codes are also used:

	Series A	Series B
Bloomberg	SWSAV FH	SWSBV FH
Reuters	SWSAV.HE	SWSBV.HE
Startel	SWSAV	SWSBV
Bridge	FI;SWS.A	FI;SWS.B

The Company's shares are included in the book-entry system operated by the Finnish Central Securities Depository. As of the end of 2001, the Company had 6,974 shareholders.

Shareholder agreement

The main shareholders of the companies involved in the 1999 merger creating SanomaWSOY (Oy Devarda Ab, Helsinki Media Company Oy, Sanoma Corporation, and Werner Söderström Corporation - WSOY) signed a shareholder agreement running from May 14, 1998 to May 14, 2003. This gives them the right of first refusal on SanomaWSOY Series A shares offered for sales to third parties by other signatories to the agreement.

The signatories to the agreement are the Alfred Kordelin Fund, the Alfred Kordelin Society, the Kalevala Society, the Finnish Literature Society, the Finnish Cultural Foundation, the Werner Söderström Literature Foundation, Aatos Erkko, Jane Erkko, Patricia Seppälä, Rafaela Seppälä, Robin Langenskiöld, Oy Asipex Ab, and Lastannet Holding B.V. The following became parties to the agreement subsequently: Tiikerijakelu Oy (replacing Lastannet Holding B.V. on April 29, 1999) and Patricia Seppälä's grandchildren, Christoffer Langenskiöld, Sebastian Langenskiöld, Pamela Langenskiöld, Lorna Aubouin, and Alex Noyer, as the result of a bequest made by Patricia Seppälä on April 16, 1999. The Board of Directors is unaware of any other agreements associated with ownership of Company shares or use of voting rights.

The shares held by the parties to the agreement as of December 31, 2001 accounted for a total of 64.13% of all Company shares and 70.08% of votes.

Number of shares	Series A	Series B	Total
Number as of Dec. 31	23 220 492	122 301 104	145 521 596
Average issue-adjusted number of shares	23 220 492	122 301 104	145 521 596
Issue-adjusted number of shares on the market as of Dec. 31	23 220 492	115 113 828	138 334 320
Average issue-adjusted number of shares on the market	23 220 492	115 113 828	138 334 320

Company shares

SanomaWSOY owned 7,187,276 Series B shares through Tiikerijakelu Oy, equivalent to 4.94% of shares and 1.23% of voting rights, as of December 31, 2001. The total number of Series A shares stood at 23,220,492, and that of Series B shares, 115,113,828.

Share price and trading

A total of 108,832 (263,549) Series A shares and 3,625,765 (6,209,129) Series B shares were traded in 2001. Trading in Series A shares accounted for 0.47% (1.13%) of shares, and that in Series B for 2.96% (5.08%). The average price of Series A shares was EUR 12.48 and that for Series B shares, EUR 12.02. The annual high for Series A shares was EUR 16.50 and the annual low, EUR 10.00. The annual high for Series B shares was EUR 15.00 and the annual low, EUR 9.60.

Series A shares were quoted at EUR 12.00 and Series B shares at EUR 10.70 as of December 31, 2001.

SanomaWSOY was not informed of any statutory notices of changes in ownership during 2001, and no significant changes in share ownership took place during the year.

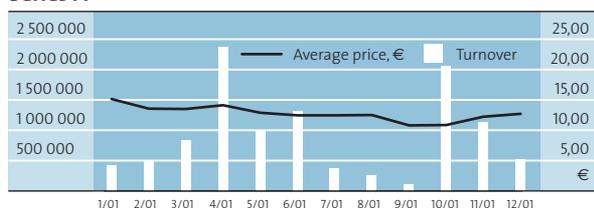
Share-related indicators are given in the table on Page 1.

SanomaWSOY's market capitalisation as of the end of the year, minus shares held by the Company, was EUR 1,510.4 million (1,964.6 million).

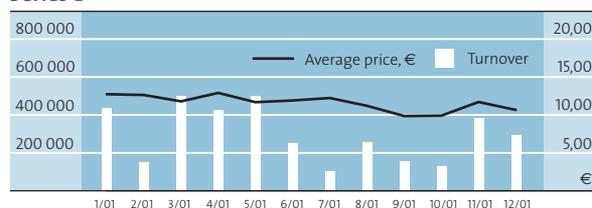
Share value as of Dec. 31 (EUR)	Series A	Series B	Total
Market value of all shares	278 645 904	1 308 621 813	1 587 267 717
Market value of shares on the market	278 645 904	1 231 717 960	1 510 363 864
Book counter-value	0.43	0.43	
Taxable value	8.40	7.49	

Share price development and stock indices

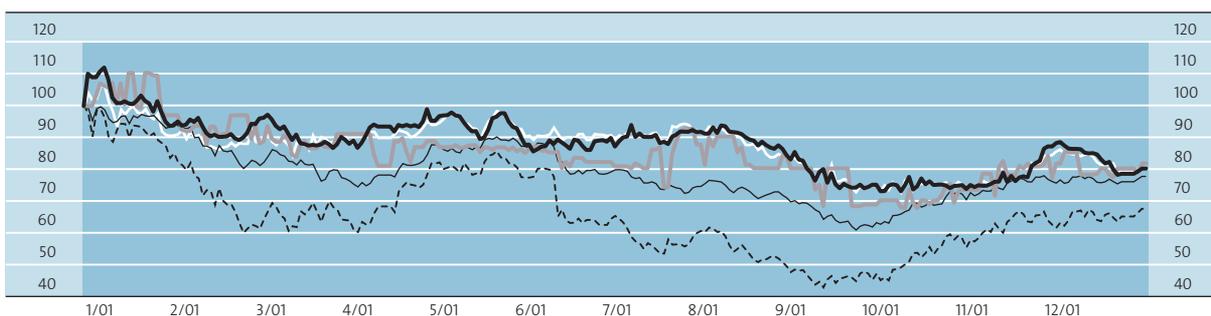
Series A



Series B



--- HEX All Share — SanomaWSOY A — SanomaWSOY B — HEX Portfolio Index
 ■ HEX Media & Publishing



Indices have been calculated using the average price quoted on the day.

Shares owned by management

The combined holding of Company shares held by the Board of Directors, the President & COO, and by bodies that they controlled as understood under the terms of Sub-Section 5 of Section 1 of the Finnish Securities Act as of December 31, totalled 45.35% (45.34%) and 39.83% (39.83%) of votes. In addition, Jaakko Rauramo and Hannu Syrjänen have both subscribed to five notes under the convertible capital notes issue. Under the warrant system introduced at the beginning of 2002, Hannu Syrjänen has 50,000 warrants entitling him to 50,000 SanomaWSOY Series B shares.

If all the notes under the convertible capital notes issue and the warrants covered by the first issue of warrants are subscribed to, and Hannu Syrjänen and Jaakko Rauramo use all their subscription rights, management's share of all shares after conversion would rise to 45.39% and 38.94% of votes.

Insider trade restrictions

SanomaWSOY's insiders pursuant to the law include the President & COO, the Chairman & CEO, the members of the Board, the President & COO's Deputy, the Company Auditor, the Auditor with main responsibility, and the Deputy Auditor. Under a decision by SanomaWSOY's Board of Directors, the public insider register also includes the members of the Management Group, the Secretary to the Board, and the Secretary to the Management Group. In addition, people subject to a disclosure requirement under the Financial Supervision Authority's regulation (No. 5/264/99) guidelines are also included in the insider list. SanomaWSOY's public insider register includes 118 persons.

A SanomaWSOY insider is not allowed to commission sales, purchases, or other transactions involving SanomaWSOY securities*) if he or she has access to insider information, except within a two-week period after publication of the Company's statutory financial information (year-end statement and interim reports). In addition, SanomaWSOY recommends that insiders do not buy or sell the same SanomaWSOY securities within a period of six months.

A list of SanomaWSOY insiders, updated monthly, can be found at www.sanomawsoy.fi.

Dividend policy

SanomaWSOY pursues an active dividend policy, based on the principle of distributing at least one-third of the Group's annual profit in the form of a dividend.

The dividend payable between 1999 and 2001 is linked to the shareholder agreement made at the time of the merger, under which dividends will be at least EUR 0.88 (EUR 0.22 after the four-for-one split on May 10, 2000), which corresponds to the dividend level offered by WSOY in 1997, increased by 10% annually. In addition, an average of EUR 0.84 (EUR 0.21 after the split) will be added to this during the years concerned. Under the shareholder agreement, the dividend payable for 2001 is EUR 0.51 per share, allowing for the impact of the four-for-one split.

*) SanomaWSOY securities refer to Company shares and securities entitling holders to Company shares under the Companies Act (debentures, warrants, bonds with warrants, and subscription rights) or standardised options and forward contracts as defined under legislation on such instruments, comparable derivative contracts, other derivatives employment the aforementioned security as their underlying instrument, and depository receipts associated with the aforementioned security.

PRINCIPAL SHAREHOLDERS

SHAREHOLDER	Number of shares		Total	%	Votes	%
	Series A	Series B				
1 Aatos Erkko	6,480,816	36,354,720	42,835,536	29.44	165,971,040	28.29
Aatos Erkko	5,125,832	26,041,660	31,167,492	21.42	128,558,300	21.91
Oy Asipex Ab	1,354,984	10,313,060	11,668,044	8.02	37,412,740	6.38
2 Patricia Seppälä's estate	2,317,876	10,378,524	12,696,400	8.72	56,736,044	9.67
3 Robin Langenskiöld	1,119,604	6,577,712	7,697,316	5.29	28,969,792	4.94
4 Rafaela Seppälä	1,119,600	6,577,716	7,697,316	5.29	28,969,716	4.94
5 Tiikerijakelu Oy (treasure shares)		7,187,276	7,187,276	4.94	7,187,276	1.23
6 Alfred Kordelinin yleinen edistys- ja sivistysrahasto (Fund)	1,801,332	3,214,084	5,015,416	3.45	39,240,724	6.69
7 Helsingin Sanomat Centennial Foundation	915,932	4,086,796	5,002,728	3.44	22,405,436	3.82
8 Ilmarinen Mutual Pension Insurance Company	720,544	3,762,142	4,482,686	3.08	18,173,022	3.10
9 Sampo Group	435,976	2,880,076	3,316,052	2.28	11,599,596	1.98
Sampo Life Insurance Company Limited	310,664	1,695,900	2,006,564	1.38	7,909,180	1.35
Sampo Enterprise Insurance Company Limited	82,574	780,313	862,887	0.59	2,431,793	0.41
Industrial Insurance Company Ltd	42,738	403,863	446,601	0.31	1,258,623	0.21
10 Pohjola Group	326,100	2,761,976	3,088,076	2.12	9,283,976	1.58
Pohjola Non-life Insurance Company Ltd	326,100	1,486,896	1,812,996	1.25	8,008,896	1.37
Pohjola Group Insurance Company		1,275,080	1,275,080	0.88	1,275,080	0.22
11 Finnish Cultural Foundation	1,848,956	622,480	2,471,436	1.70	37,601,600	6.41
12 Foundation for Actors' Old-Age Home	386,248	1,824,484	2,210,732	1.52	9,549,444	1.63
13 WSOY Literature Foundation	1,338,300	633,780	1,972,080	1.36	27,399,780	4.67
14 Suomi Group		1,950,000	1,950,000	1.34	1,950,000	0.33
Suomi Mutual Life Insurance Company		950,000	950,000	0.65	950,000	0.16
Suomi Insurance Company		1,000,000	1,000,000	0.69	1,000,000	0.17
15 Finnish Literature Society	264,000	1,133,800	1,397,800	0.96	6,413,800	1.09
16 Päivälehti Archives Foundation	345,992	676,656	1,022,648	0.70	7,596,496	1.29
17 Lorna Aubouin	87,056	873,208	960,264	0.66	2,614,328	0.45
18 Alex Noyer	87,044	873,216	960,260	0.66	2,614,096	0.45
19 Pension Fund Polaris		812,000	812,000	0.56	812,000	0.14
20 Graphic Industry Research Foundation	178,788	604,080	782,868	0.54	4,179,840	0.71
Total	19,774,164	93,784,726	113,558,890	78.06	489,268,006	83.41
Nominee registrations, total			1,177,020	0.81	2,368,130	0.40

The principal shareholders are grouped according to the direct holdings of individual shareholders and the shares held by their investment companies, and stated as aggregate amounts and separately. The shareholders of companies belonging to the same group are stated both as aggregate amounts and separately.

A list of principal shareholders, updated monthly, can be found at www.sanomawsoy.fi.

Shareholder categories as of December 31, 2001	Number of shareholders	%	Number of shares	%	Number of votes	%
Publicly listed companies	4	0.06	9,030	0.01	9,030	0.002
Private companies	355	5.09	22,129,210	15.21	53,254,212	9.08
Financial and insurance companies	62	0.89	12,212,854	8.39	28,147,204	4.80
Public corporations	46	0.66	10,396,559	7.14	30,197,751	5.15
Non-profit organisations	199	2.85	23,278,176	16.00	170,305,192	29.03
Households	6,258	89.73	75,937,125	52.18	300,949,299	51.29
Foreign shareholders (registered)	44	0.63	186,274	0.13	744,950	0.13
Nominee registrations	6	0.09	1,177,020	0.81	2,368,130	0.40
Total	6,974	100.00	145,326,248	99.87	585,975,768	99.87
On joint account			195,348	0.13	735,176	0.13
Number of shares on the market			145,521,596	100.00	586,710,944	100.00

Number of shares per shareholder as of December 31, 2001

Number of shares	Number of shareholders	%	Number of shares	%	Number of votes	%
1-100	1,299	18.63	77,068	0.05	451,938	0.08
101-1 000	3,599	51.61	1,491,494	1.02	4,649,218	0.79
1 001-10 000	1,700	24.38	5,104,921	3.51	13,809,486	2.35
10 001-100 000	298	4.27	8,269,774	5.68	26,651,001	4.54
100 001-1 000 000	60	0.86	22,493,720	15.46	65,091,188	11.09
1 000 001-999 999 999 999	18	0.26	107,889,271	74.14	475,322,937	81.01
Total	6,974	100.00	145,326,248	99.87	585,975,768	99.87
On joint account			195,348	0.13	735,176	0.13
Number of shares on the market			145,521,596	100.00	586,710,944	100.00

Auditors' report

To the shareholders of SanomaWSOY Corporation

We have audited the accounting, the financial statements and the corporate governance of SanomaWSOY Corporation for the period from January 1, 2001 to December 31, 2001. The financial statements, which include the report of the Board of Directors, consolidated and Parent Company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the President. Based on our audit, we express an opinion on these financial statements and on corporate governance.

We have conducted our audit in accordance with Finnish Standards on Auditing. These 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 the audit of corporate governance is to examine that the members of the Board of Directors and the President have legally complied with the rules of the Companies Act.

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

Helsinki, March 1, 2002

PricewaterhouseCoopers Oy
Authorised Public Accountants

Johanna Perälä
Authorised Public Accountant

Pekka Nikula
Authorised Public Accountant

