




Annual report 2002

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Pekka Ketonen
CEO

Introduction

Vaisala's core business is environmental measurement, especially weather measurement, and corresponding industrial measurements. We strive for global market leadership in our selected businesses. Our objective is to create added value for our customers through product leadership. We are the global market leader in many of our core businesses: upper-air observation systems, road and aviation weather systems, lightning detection, optical weather instruments and instruments for measuring relative humidity and barometric pressure.

In our business, we aim to spread high-cost investments in technology or distribution channels as widely as possible. This brings economies of scale, which are of vital importance to Vaisala's profitability. We place special emphasis on the continuous development of our core capabilities. Our cooperation with customers, universities and research institutes is a significant means to this end. We also network actively with specialists in fields which complement our own expertise. We stress product development and invest substantially in it. All of this goes to ensure that we have the capabilities needed to develop products that lead the way in the market.

Our objective is to grow noticeably more rapidly than the field in general and to maintain good profitability. We will primarily expand our product selections to our present customers, with most of our growth occurring through organic growth. We will complement our product range through corporate acquisitions as opportunities occur. New businesses will also be related to environmental measurements.

Business in 2002

The recession that started in 2001 has continued in all our main market areas: North America, Europe and Asia. The euro was strengthened against the dollar in the latter half of the year, which had a negative impact on the Group's result, since approximately half of our net sales come in US dollars. Owing to weak demand, 2002 was a more difficult year for Vaisala than usual. The growth of our business was slender and profitability was weakened to some extent, but remained at a reasonable level.

Net sales rose to EUR 196 million. This represents a growth of 6.9% on the previous year, which was mainly due to the corporate acquisition of Global Atmospheric Inc. Profit before extraordinary items amounted to EUR 21.5 million, representing 10.9% of net sales. The result includes a non-recurring write-down of EUR 2.2 million on the goodwill of subsidiaries. The

Group received new orders worth EUR 213.3 million during the financial year. At the end of 2002 the order book stood at EUR 77.1 million.

The development of our four divisions suffered due to global stagnation. However, we were able to at least sustain our strong market position.

The Upper Air Division maintained its leading position in the market, even though its sales fell by 9%. The decrease was caused by variation in demand. However, the division received significant orders especially from the Bureau of Meteorology of Australia and the Turkish State Meteorological Service, as well as from several other long-standing customers. The division introduced a new tether sonde system, intended for air quality applications.

The Surface Weather Division's growth was 4%. Deliveries to the US defense forces mainly accounted for the growth. The Vaisala road weather system concept has gained ground in the USA. The demand for aviation weather systems has weakened because of the difficulties that the aviation industry is experiencing.

The Sensor Systems Division retained its position as global market leader in relative humidity and barometric pressure measurement instruments. The division saw a growth of 5%, all of which was organic growth. The demand was weak in all market areas except for China where growth continued. Sales of ammonia detectors, launched in 2001, have begun as planned.

The new Remote Sensing Division saw the most rapid growth, 370% which was mainly due to corporate acquisition. In March 2002 the Vaisala Group acquired the US company Global Atmospheric Inc., which specializes in lightning detection and is the global market leader in the field. At the end of the year, the division comprised lightning detection and wind profiler systems as well as a unit producing and marketing lightning data in North America. The division's objective is to extend its product selection in the future.

Uniform processes and tools in all locations

Operationally, Vaisala functions as one global company. Our processes, principles and tools are uniform all over the world. To implement this principle even more efficiently we have continued to invest in unified IT systems. The operations of Vaisala's four divisions have been defined so that each of them applies a specific business model. Because of this, lines of operation are clear and information flow is efficient, and experience can be shared in a fruitful manner. The logic of operations is common.

Divisions to be renamed in 2003

The distinctions between Vaisala's divisions and product selections have been reviewed and will be changed in early 2003. New division names, which reflect the results of the brand-building scheme, will also be taken into use as of April 1 2003. The Upper Air Division, the product range of which will remain unchanged, will be renamed Vaisala Soundings. The Surface Weather Division will be focusing ever more closely on providing comprehensive solutions and services to aviation, road traffic and hydrometeorology. The division's new name reflects this

change: the division will be called Vaisala Solutions. Business relating to stand-alone, separate instruments will be moved to the Sensor Systems Division by the end of 2003. At the beginning of 2003 wind measurement instruments were moved to the division, and, likewise, optical sensors will be moved there by the end of 2003. After these changes the division will include all compact measurement instruments in the Vaisala product range. The Sensor Systems Division will be renamed Vaisala Instruments. The Remote Sensing Division will be called Vaisala Remote Sensing as of April 1, 2003.

Outlook for 2003

At the start of 2003 the global economy is in recession and there is no change on the horizon. This gives us cause for moderation. However, our competitiveness is good thanks to our continuous development and clear focus. For this reason, I believe that our market position will be further strengthened and profitable growth will continue when the global economy recovers. Instead of further corporate acquisitions we are now placing an emphasis on improving our profitability and performance.

Thanks

I would like to extend my heartfelt thanks to our customers, partners and owners for our successful cooperation in 2002. Special thanks go to Vaisala's personnel whose professional skills, commitment, cooperativeness and drive have once again produced good results, even under the challenging circumstances.

Pekka Ketonen
President and CEO
Vaisala Group

Events

Market leader's position in lightning detection

The Group acquired 100% of the stock of the US-based company Global Atmospheric Corporation from Sankosha Group. The final purchase price was USD 14.0 million. The acquisition elevated Vaisala to global market leadership in the field of lightning detection products.

Centralizing USA operations in Boulder, Colorado

Vaisala Group centralized its USA operations into one location, Boulder, Colorado, which is known for high-class meteorological research. New premises were built which were completed in January 2003. The investment amounts to EUR 5.5 million. Most of the Group's radiosonde production in the USA was transferred to Finland and production in Boston was closed down.

Vaisala awarded ISO 14001 and ISO 9001:2000 certificate

Vaisala's environmental management system complies with the requirements SFS-EN ISO 14001 standard, and it received environmental management system certification at the end of 2002. Moreover, the Vaisala Group received an international ISO 9001:2000 certificate in 2002. Vaisala's quality system is applied consistently in all offices.

Wind profilers to Germany

The Vaisala Group received a significant order in July from the German Weather Service (Deutscher Wetterdienst). Vaisala will deliver a network of wind profiler worth more than EUR 5 million in 2003 - 2005.

Upper air observation systems to Australia

In July, the Vaisala Group received an order for upper air observation systems from the Australian Bureau of Meteorology. The deliveries under the contract, valued at approximately EUR 3.7 million, will take place in the years 2003 - 2005.

Sounding systems to Turkey

In June, the Vaisala Group signed a contract with the Turkish State Meteorological Service to supply meteorological equipment. The contract, valued at EUR 2.1 million, covers sounding systems and equipment as well as a centralized data collection and management systems. Deliveries took place in 2002.

The largest order for aviation weather system in Vaisala's history

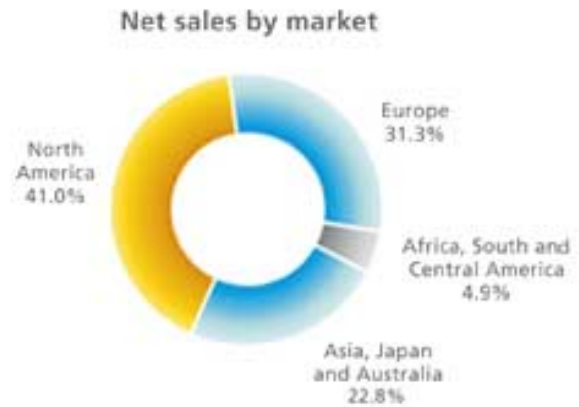
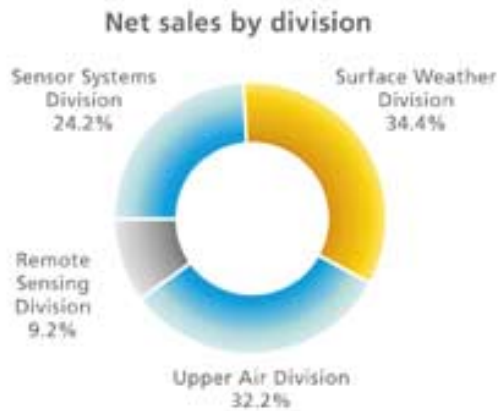
In April Vaisala signed a contract with a long-standing customer for supplying, commissioning, and maintaining an automated aviation weather observation solution. Valued at approximately EUR 7 million, the contract is the largest order in the company's history. Deliveries under the contract will start in 2003.

Contract on supplying upper air observation systems

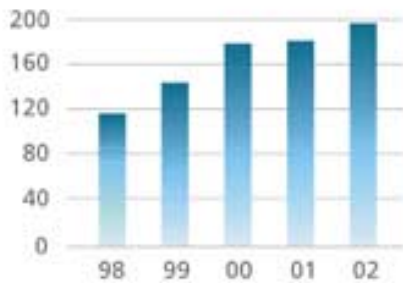
In March Vaisala signed a contract with a long-standing customer for the supply of sounding systems, accessories and radiosondes. The contract is valued approximately EUR 10 million and deliveries take place in 2002 - 2003.

Key figures	2002	2001
Net sales, EUR million	196.2	183.5
Operating profit, M€	22.6	29.7
New orders, EUR million	213.3	176.3
Order book, M€	77.1	57.8
Profit before extraordinary items, EUR million	21.5	30.6
Solvency ratio, %	83.9	82.9
Goodwill depreciation, M€	7.5	3.8
Return on investment, %	15.4	22.9
Earnings per share, €	0.75	1.21
Personnel, 31.12.	1213	1125

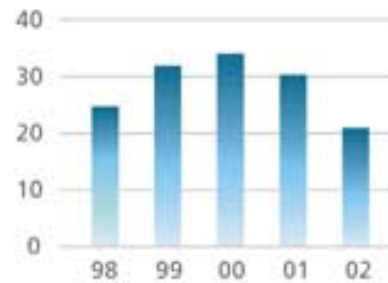
Key figures in graphs



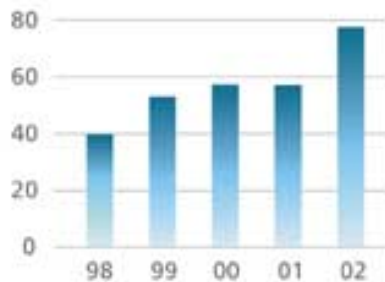
Development of net sales (M€)



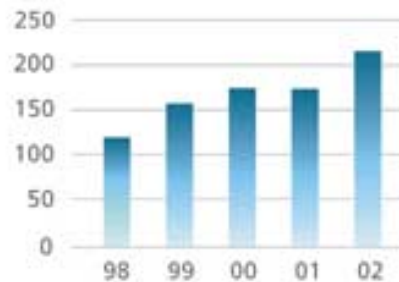
Profit before extraordinary items, provisions and taxes (M€)



Orders received (M€)



Order book, Dec. 31 (M€)



Vaisala in brief

Vaisala develops, manufactures and markets electronic measurement instruments and systems for environmental measurements and the measurement needs of industry. Vaisala's core customer groups are meteorological institutes, defense forces, airport and road authorities, land and water resource management agencies, insurance companies, power utilities, meteorological research organizations, and industrial companies.

Vaisala strives to be the most respected, comprehensive and successful environmental measurement company in the world. Vaisala focuses on market segments where it can become the global market leader and preferred supplier and manufacturer. Vaisala puts a high priority on customer satisfaction and product leadership. Our competitiveness is based on economies of scale and scope.

Vaisala has more than 1200 employees and it reached a level of EUR 196 million net sales in 2002. Vaisala serves customers throughout the world. In 2002, operations outside Finland accounted for 96.3 % of net sales.

The parent company, headquartered in Vantaa, is listed on the Helsinki Exchanges (HEX). Vaisala has offices and business operations in North America, the United Kingdom, Sweden, France, Germany, China, Malaysia, Japan and Australia.

Purpose and vision

Striving for product and market leadership

Vaisala develops, manufactures and markets products and services for environmental and industrial measurement. We focus upon our customers' needs and contribute to their success by providing excellent solutions. The goal is to create basis for better quality of life, environmental protection, safety, efficiency and cost savings.

Reliability in all situations characterizes Vaisala's operations. Vaisala has a customer-oriented focus: the objective is to meet the customer's needs and to supply products and solutions that support the customer's own operations and thereby contribute to their success. We aim to offer ever more comprehensive product selections to our entire customer base. Vaisala's core customer groups are meteorological institutes, defense forces, airport and road authorities, land and water resource management agencies, insurance companies, power utilities, meteorological research organizations, and industrial companies.

Vaisala strives to be the most respected, comprehensive and successful environmental measurement company in the world. Vaisala focuses on market segments where it can become the global market leader and achieve the status of preferred supplier and manufacturer.

Customer groups

Introduction

Vaisala products cater for the environmental measurement, especially weather measurement, needs of a wide range of customer groups. The core customer groups are meteorological institutes, defense forces, aviation and road traffic authorities, land and water resource management agencies, insurance companies, power utilities, research organizations and industry.

The users of weather observation products form one large customer group. Weather observations are made not only by meteorological institutes and research organizations, but also by road and aviation authorities, land and water management agencies and defense forces. In industry many Vaisala measurement instruments are used to monitor and control conditions in manufacturing processes and to enhance the efficiency of operations. Use the links at the top of the page if you would like to learn more about which organizations use Vaisala products and how these products serve their operations.

Meteorological observations and users of weather data

Weather observation

Meteorological institutes and their meteorologists need a continuous stream of high-quality weather data to carry out their tasks. They produce weather data and forecasts for the needs of the general public and special user groups, and also issue weather warning bulletins. Moreover, they need data to measure and explain the state of the atmosphere and developments in the climate. Vaisala products play a key role in the collection of data for the weather services of meteorological institutes around the world.

Upper-air soundings and automatic weather stations are important methods of collecting meteorological data. Every day at hundreds of weather stations around the world, Vaisala radiosondes are launched at internationally agreed times to gather meteorological data. The radiosondes measure upper-air temperature, humidity and pressure in the upper atmosphere. The ground equipment receives the radiosonde signals and automatically computes wind speed and direction with the aid of global navigation networks. The ground equipment also processes the data, forming weather messages that are sent on to international weather networks. Weather forecasts are made on the basis of data collected in the soundings and by other observation methods.

Aviation weather observation

Aviation authorities are governed by international regulations and recommendations. Stringent safety standards are in place for every aspect of civil aviation, including weather observation facilities. Vaisala provides aviation authorities with accurate automated weather observing systems which serve one of their main objectives - ensuring passenger safety.

The Vaisala MIDAS IV Automated Weather Observing System (AWOS) covers every size and category of airport – from the smallest airfield or heliport to the largest international airport. MIDAS IV combines three features of great importance to airport meteorologists and air traffic controllers. It has excellent sensor technology for accurate weather observation, it features reliable meteorological data handling and management, and it presents real-time meteorological data in a well-considered way. The system also conforms to all applicable International Civil Aviation Organization (ICAO) regulations and World Meteorological Organization (WMO) recommendations.

Tactical weather observation

Many measurements related to weather are essential in defense applications, too. Land, air and naval forces around the world use Vaisala weather observation systems for a wide range of tactical operations – in all weathers and in every climate.

Tactical weather observation needs can be met by the Vaisala MAWS201M Tactical Meteorological Observation System (TACMET). This is a very compact, easy-to-deploy and durable weather system. In its basic configuration for tactical operations on land, TACMET has sensors that measure wind speed and direction, barometric pressure, air temperature, relative humidity and precipitation. In its enhanced version, TACMET has sensors that measure the essential parameters for mobile air force units - cloud height and cover, visibility, present weather and lightning activity.

Traffic weather observation

Although the flow of traffic on roads, railways and at airports affects our everyday life, we notice it even more when bad weather strikes. In their normal maintenance work, transport authorities need accurate weather information in order to be prepared for weather changes. Road authorities, railway operators and airport maintenance organizations need a constant and reliable flow of weather information to keep roads, railways and runways safe. Vaisala provides them with specialized weather observation systems and winter maintenance consulting services that allow appropriate and timely maintenance. Thus, safety can be improved, cost savings achieved and the environmental impacts of winter road maintenance reduced.

When our customers set up Vaisala Road Weather Stations at the roadside, they know when and where the weather and road conditions are changing. They can therefore plan road or runway maintenance proactively, improving the effectiveness of their anti-icing activities and cutting operational costs. Moreover, the safety and fluency of traffic can be enhanced. By integrating road surface measurements with weather data, it is possible to deliver early warning of hazardous surface conditions to users, which allows them to adjust their speed and driving style.

Land and water resource management

Even though technology dominates our way of life in many ways, we are still dependent on natural resources. For example, the amount and variability of water resources greatly affects society. Thus, water resource management agencies need reliable and efficient measurements to monitor water and precipitation levels. Vaisala supplies automated hydrometeorology stations and hydrology networks that are used for flood and tsunami warning and water management. They include satellite communications and a broad range of hydrological and meteorological sensors for different applications.

Another important resource - forests and land - are monitored and protected by land management authorities who rely on Vaisala weather stations. Forest fires create their own weather systems, and thus meteorological information is vital to allow the authorities to anticipate where they will spread and to attempt to prevent it. These agencies use Vaisala automatic weather stations (AWSs) to measure and monitor the conditions that fuel forest fires.

Lightning data is important not only for meteorological institutes that provide weather services, but also for insurance companies and power utilities. Vaisala owns and operates a large lightning detection network in the USA. The data obtained from the network is used by insurance companies, for example. Information about the location of thunderstorm and lightning strikes on insured property is essential when claims for compensation are being handled.

Meteorological and climatological research

Climate change affects us all. Many international research programs that aim at promoting environmental protection focus on the Earth's atmosphere. The principal parameters to be measured are its composition, the physics and chemistry of clouds, tropical meteorology processes, and the forecasting of extreme weather and its socio-economic effects. Day-to-day weather forecasts and observations also serve the needs of these research domains. The accuracy of the equipment and the temporal and spatial coverage of observations all have an impact on the comprehensiveness, reliability and accuracy of data obtained on the state of the environment and atmosphere.

Almost all interactions between the atmosphere and humans take place in the boundary layer. It is therefore the subject of a great deal of research such as atmospheric boundary-layer modeling, boundary layer flow over complex terrain, flow over waves and wind wave generation. The Vaisala Tethersonde® Meteorological Tower (TMT) System is used by organizations researching the atmosphere's planetary boundary layer. The TMT system gives them detailed profiles of the boundary layer, composed of temperature, humidity, pressure, wind speed and direction measurements. These profiles are indispensable in meteorological, air pollution, acoustic, agricultural and forestry research.

Industry

Measurement needs of industry – efficiency, safety and quality

Relative humidity, temperature and barometric pressure are essential parameters in meteorological measurements. Along with measurements of carbon dioxide concentration, they play a significant role in industry and built-up environments. By measuring and controlling these parameters it is possible to affect product quality, the efficiency of manufacturing processes, energy consumption, safety and the wellbeing of people.

Relative humidity

Humidity has a significant effect on our environment, and its measurement gives us an opportunity to control these effects. Indoor air quality, e.g. its humidity, affects the wellbeing and health of people. People work best and feel most comfortable at certain humidities and temperatures – and if these become excessively high or low they feel discomfort. Mold and fungi, on the other hand, thrive at high humidities. Therefore, mold growth may become a problem if humidity is high and ventilation is insufficient.

Aiming for high quality and energy savings

As most materials are hygroscopic, their water content always tries to reach equilibrium with the surrounding relative humidity. Thus each material has its own ideal storage humidity which should be maintained. Too dry or too humid conditions can destroy the material. In many production processes the correct measurement and adjustment of humidity is extremely important to sustain the high quality of products and the correct level of energy consumption. The right humidity makes it possible to optimize energy consumption and improve end product quality as well as product yield.

Dewpoint - condensation point of water vapor

A glass of cold drink provides a practical example of dewpoint temperature. Since the glass conducts heat fairly well, it cools to almost the same temperature as the drink. If the temperature of the glass is below the dewpoint temperature of the surrounding air, the air around the glass will become saturated with water vapor and the excess water will condense as dew on the surface of the glass.

Accurate measurements in demanding conditions

Dewpoint is measured in processes where the formation of dew can be a problem. Dewpoint measurement is a preferred method for measuring humidity in dry conditions, because in this case the measurable changes in the dewpoint temperature are too small to be measured accurately with normal relative humidity technologies. In addition, dewpoint temperature does not change if the temperature of the gas changes. These features have contributed to the popularity of dewpoint measurement in industrial processes such as metal treatment, plastic drying and compressed air systems. For instance in compressed air pipelines, dew formation

should be avoided, since moisture can damage the equipment or disturb the process in many ways. Additionally, plastic drying before molding is a common application of dewpoint measurement. Plastic is dried before molding, and excess moisture can cause imperfections in the end product during molding.

Barometric pressure - not only an indicator of weather change

Barometric pressure is one of the most important parameters in weather observations, as the movement of pressure fronts indicates the movement of weather fronts. Weather stations almost always include a barometer, and barometers are also used in data buoys and ships at sea. Hydrological and ground water applications need information on barometric surface pressure to take into account the effect of the hydrostatic pressure of air in different areas.

Better performance through barometric pressure measurement

Barometric absolute pressure influences other physical and industrial processes as well. For example, the wavelength of light in a laser interferometer system changes with the refractive index of air, which is actually a function of air pressure. Engine performance is also affected by air intake pressure. Aircraft altitude can be calculated from atmospheric air pressure with aircraft altimeters adjusted according to air pressure readings reported by airports. The accuracy of the Global Positioning System (GPS) is affected by atmospheric air pressure. System accuracy may be enhanced by barometric pressure information at the GPS receiver antenna level.

Carbon dioxide measurements to guarantee good indoor air quality

Carbon dioxide (CO₂) is one of the most common gases in our atmosphere. It is formed during the breathing of humans and animals, in fermentation and decomposition processes and during the burning of fossil fuels. Good indoor air quality is essential for our wellbeing. A high carbon dioxide level is usually a sign of poor ventilation and odors or other pollutants in the indoor air.

By controlling ventilation according to carbon dioxide levels, the indoor air can be kept fresh with no waste of energy. In offices, schools, lounges and other buildings where the need for ventilation varies much during the day, carbon dioxide-based Demand Controlled Ventilation can be used to save energy and ensure a healthy indoor environment.

Safe and beneficial carbon dioxide levels

Carbon dioxide can also be a health risk. When carbon dioxide concentrations rise, people start to feel tired and listless. Very high concentrations can lead to unconsciousness or even death. Applications where carbon dioxide can rise to dangerous levels include the carbonated drinks and brewing industries, frozen food industries where dry ice is used, cold storage facilities, cargo ships and, of course, industrial plants where carbon dioxide or dry ice is produced or handled.

On the positive side, carbon dioxide enhances plant growth and raises crop productivity and quality. Therefore, carbon dioxide is used as a fertilizer in greenhouses: precise control of the carbon dioxide concentrations promotes growth of flowers and vegetables as well as leads to improved productivity.

Reliable ammonia detection as a safety factor

Ammonia (NH₃) occurs in gaseous form under normal atmospheric conditions. It is produced both industrially and in biological processes. Ammonia is a hazardous chemical. Ammonia is used for refrigeration in a variety of industrial applications such as cold stores, ice cream plants, breweries, ice rinks, etc. Ammonia is considered to be one of the environmentally-friendly refrigerants, since it does not deplete the ozone layer nor contribute to global warming. However, because it is a hazardous chemical, precautions must be taken for ammonia leaks, including ammonia detection and alarm relays. Typical symptoms of ammonia exposure are irritation of the eyes, throat and respiratory organs.

With a reliable ammonia sensor, ammonia-based refrigeration systems provide safe, efficient and environmentally-friendly cooling. Vaisala ammonia detectors are highly specific to ammonia, which means that other gases will not cause false alarms. In addition to applications where ammonia is used as a refrigerant, another application where ammonia is commonly measured is air quality monitoring in livestock husbandry (e.g. cattle, pig and poultry farming).

Organization structure

Vaisala's business is conducted by four divisions: the Upper Air Division, the Surface Weather Division, the Remote Sensing Division and the Sensor Systems Division.

Upper Air Division

The Upper Air Division develops, manufactures and markets instruments and systems for observing the weather in the upper atmosphere. The division's principal products are radiosonde and dropsonde instruments and related ground equipment for collecting and processing the information gathered by the radiosondes. The division's core customers are meteorological institutes, meteorological research organizations and defense forces.

Surface Weather Division

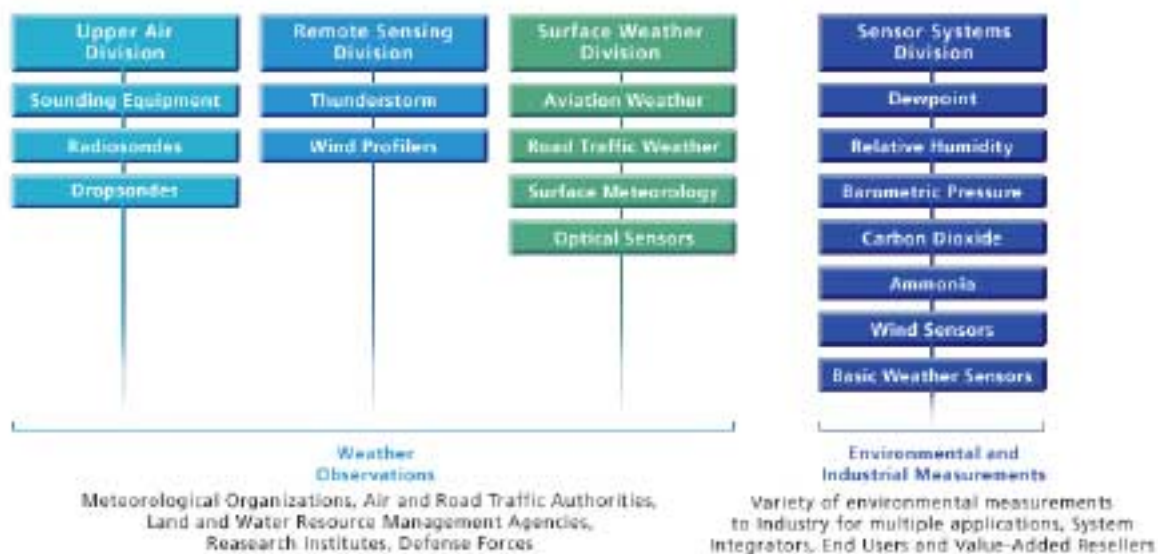
The Surface Weather Division develops, manufactures and markets meteorological sensors and systems that are used by its customers to observe weather conditions near and on the Earth's surface. The division's main products are automatic weather stations, road and aviation weather systems, and meteorology sensors and displays. Its core customers are meteorological institutes, aviation authorities, road authorities, defense forces, land and water resource management agencies and industrial companies.

Remote Sensing Division

The Remote Sensing Division develops, manufactures and markets a family of wind profilers and lightning detection systems that make extensive use of remote sensing technology. Remote sensing is an increasingly important area in meteorological, climatological, hydrological and air quality research. The division's core customers are meteorological institutes and research organizations, airport authorities, insurance companies, power utilities and defense forces.

Sensor Systems Division

The Sensor Systems Division develops, manufactures and markets electronic measurement instruments for the measurement of relative humidity, dewpoint, material moisture, barometric pressure, carbon dioxide and ammonia. The division's products are used to control production processes and equipment performance, to improve safety, and to measure human and product environments in industry, meteorology and metrology.



Vaisala worldwide

Vaisala Group is an international company with customers all over the world. Vaisala's international offices and wide distributor network serve customers in more than 100 countries. Efficient customer service requires knowledge of local circumstances and close contacts with customers.

At the end of 2002, 757 Vaisala employees worked at the headquarters in Vantaa, Finland. The premises in Vantaa comprise product development, production and administrative functions.

Vaisala has 21 offices in 11 countries. In 2002, operations in the USA were centralized in Boulder, Colorado, which is known as the location of top-rate meteorological research. New premises were built for this location, and construction was completed in January 2003. As for their size, the international offices vary according to their location and scope. In total, 38 % of Vaisala personnel worked outside Finland in 2002.

Please see the maps for Vaisala office locations.

Europe



America



Asia and Australia



Elements of success

Active R & D to reach our goals

Vaisala's competitiveness is the result of product leadership in environmental measurement and related industrial applications. We are the global market leader in many of our core businesses: upper-air sounding systems, weather observations systems for airport and road maintenance, remote sensing, wind profilers and lightning detection. Additionally, Vaisala is the world's leading provider of equipment for measuring relative humidity and barometric pressure in industrial applications, designed for demanding professional use.

As a science-driven company, Vaisala's product leadership is the result of a high degree of specialization, dynamic product development and close cooperation with customers. A solid knowledge of the particular special fields and applications is also of vital importance.

Research and development is considered crucial at Vaisala, and, consequently, we invest substantially in it. In 2002, research and development investment amounted to EUR 22.1 million, representing 11.2 % of net sales. In our business we aim to utilize high-cost investments such as technology, product development and distribution channels as widely as possible. This brings economies of scale, which has a positive effect on profitability. Vaisala nurtures close relationships with some of the world's leading research institutes, such as NOAA (National Oceanic and Atmospheric Administration, USA), NCAR (National Center for Atmospheric Research, USA) and the State Research Centre of Finland. Moreover, Vaisala cooperates closely with the University of Oklahoma, the University of Helsinki and the Helsinki University of Technology.

At Vaisala we continuously develop our core competencies, for instance through training programs and wide cooperation with universities and research organizations. We complement our own competencies through networking - in case competencies outside our own domain are needed. All of this goes to ensure that Vaisala will continue to be the pacesetter in environmental measurement technology for years to come.

Management

Board of directors



From left: Pekka Ketonen (CEO) and the members of Board of Directors, Gerhard Wendt, Mikko Niinivaara, Raimo Voipio (chairman), Pekka Hautojärvi, Yrjö Neuvo (vice chairman) and Mikko Voipio.

Board of Directors
(As of December 31, 2002)

Raimo Voipio, Chairman, b. 1955, M.Sc. (Eng.)

Yrjö Neuvo, Vice Chairman, b. 1943, Ph.D (EE), Executive Vice President, Nokia Group

Pekka Hautojärvi, b. 1944, Professor, Helsinki University of Technology, Laboratory of Physics

Mikko Niinivaara, b. 1950, M.Sc. (Eng.), President of ABB Oy

Mikko Voipio, b. 1960, M.Sc. (Eng.)

Gerhard Wendt, b. 1934, Ph.D

Pekka Ketonen, President and CEO, Vaisala Group, b. 1948, M.Sc. (Eng.)

Secretary, Jussi Mykkänen, Licentiate of Technology, MBA Research Director, Vaisala Group

Management Group



Management Group from left: Jan Hörhammer, Tapio Engström, Marja Happonen, Tiina Hansson, Jussi Kallunki, Hannu Tuominen, Pekka Ketonen, Kenneth Forss, Walt Dabberdt, Jussi Mykkänen, Martti Husu and Erkki Järvinen. Steven Chansky missing from the photo.

Corporate Management Group
(As of December 31, 2002)

Chairman, Pekka Ketonen, President and CEO
Steven Chansky, Regional Manager, US, Canada, Mexico
Walt Dabberdt Director, Strategic Research
Tapio Engström Director, Finance
Kenneth Forss, Director, Sensor Systems Division
Tiina Hansson, Director, Corporate Communications
Marja Happonen, Director, Human Resources
Martti Husu, Director, Remote Sensing Division
Jan Hörhammer, Director, Weather Observation Sales and Marketing
Erkki Järvinen, Director, Upper Air Division
Jussi Kallunki, Director, IT Development
Jussi Mykkänen, Director, Research
Hannu Tuominen, Director, Surface Weather Division

Secretary: Nina Andersin, Secretary to Corporate Management

Environmental issues

Focusing on environmental issues

Vaisala's environmental measurement products and systems have great potential for positively affecting the environment. For example, Vaisala's ice warning and prediction systems produce real-time weather and road condition data to support maintenance operations, which allows to allocate and schedule maintenance operations accurately. In this way, the environmental load is reduced as the winter maintenance is optimized.

Vaisala is committed to the continuous improvement of its performance in environmental aspects. Environmental issues are crucial for both its own operations and the products and services it offers to customers. Vaisala aims to continuously improve the environmental aspects of its products, services and processes, including the prevention of pollution and the reduction of waste. The environmentally oriented key indicators and their impacts related to Vaisala are reviewed annually, which form the basis for updating the environmental program if needed.

Environmental management system

Certified environmental management system

Based on the requirements of SFS-EN ISO 14001, Vaisala's environmental management system was certified by SFS-certification (certificate 2322-01). The Environmental Management System comprises the company's operations and products and it contributes to the measurement and reduction of the company's environmental impacts. The objective is to prevent pollution and reduce waste by influencing all processes, products and packaging materials as well as production facility management.

Vaisala's Environmental Management System was planned jointly with those responsible for processes, factory operations and property management. An extensive training program was carried out in 2002 at the Vaisala Helsinki office. Implementation and training will continue in 2003 at international offices. The objective is to make sure that all Vaisala employees are aware of the environmental aspects of their work. Those responsible in the product development and production unit have been trained and informed about the requirements of the EU's new environmental directives, and Design For Environment (DFE) principles are being introduced into Vaisala's product design. An environmental program with objectives and targets has been defined. Performance is measured, reviewed and improved with the help of environmentally oriented key indicators.

Environmental performance

Competitive environmental performance

Vaisala products and processes comply with relevant environmental legislation and regulations, as well as other criteria to which Vaisala has subscribed. For instance, products are compliant

with EU directives in force on machines, electromagnetic compatibility (EMC) and low voltage, international radio frequency and air traffic safety regulations. The new regulations on waste management, tightened in early 2002, and regulations on the recycling of packaging materials have also been taken into consideration. Additionally, Vaisala prepares well in advance for the requirements of new environmental directives, as well as national laws and regulations that relate to its business.

The objective is for all new products to be designed in an environmentally oriented manner. Additionally, they are to meet the requirements of the new EU directives for electrical and electronic equipment (WEEE and ROHS), and of the EUE directive which is being prepared. Vaisala cooperates with component and subassembly suppliers and subcontractors on environmental aspects. The objective is to make sure that the entire chain of operations contributes to a mutual effort to comply with the shared environmental objectives, including the requirements of the new directives.

Environmentally oriented product design

Design for Environment as starting point in product design

Vaisala works to minimize environmental impacts right from the product development stage, by managing the product's life cycle. This comprises all the stages in the product's life cycle, starting from design to the disposal and recycling of materials. Environmentally oriented product design or design for environment (DFE) has now been defined as one of Vaisala's basic product design rules. The objective of "design for environment" is to improve energy efficiency, reduce material usage, and improve the recyclability of products. Vaisala will now bear a more significant degree of responsibility for its products throughout their life cycle.

Personnel

Vaisala personnel in Finland and worldwide

At the end of 2002 Vaisala had 1213 employees, which represented a growth of 88 people. The growth was mainly due to corporate acquisition in the USA, which also led to the proportion of American employees in Vaisala increasing by 4%. The basic personnel educational structure did not change considerably. However, in the field of education, the share of people with a commercial education was reduced and, correspondingly, the share of people with a degree in science was strengthened. 31% of employees are women, which is a few percent less than in 2001. The average age of employees rose to 42 years. The average age is higher due to the focus on recruiting experienced professionals and the age structure of the personnel that joined Vaisala through corporate acquisitions. On average, a Vaisala employee has been employed with the company for approximately 8 years.

According to the results of a personnel survey, Vaisala employees are satisfied with the substance of their work and feel that they have sufficient authority to perform their tasks. Opportunities for learning were found to be good. Assessments of supervisor performance were somewhat more positive than the previous year. The cooperation between processes was considered the most crucial area of improvement.

Competence development

Competence development on the basic business models

As a part of our annual strategy process, the competency needs within various businesses were analyzed. These findings influenced the changes that were made in the organizational structure and teams. Moreover, development projects of processes, work tools and competencies were started. At an individual employee level, competence-based role profiles were taken into use to assess individual competencies.

The fourth international Vaisala Business Learning Program training scheme was concluded. In total, 80 Vaisala employees have completed this training scheme. In cooperation with the Finnish Meteorological Institute and the University of Helsinki, the Meteorology PD (Professional Development) training scheme is continuing. Additionally, several product and application training programs were arranged in-house. Language training focused on cross-cultural study and work in multi-cultural teams, whilst the development of operational and social skills within teams was also continued in the Helsinki office.

Premises for international cooperation

The work to implement Vaisala core processes (sales, marketing, delivery, product and aftersales) was continued at various office locations. We completed the Platform One project that supports group-wide processes and aims at improving operations management, product data management and reporting. Positive effects of the project on delivery times and store

inventories, for example, could already be seen. At the end of 2002 we started a development stage which stresses developing project-based operations and enhancing the delivery chain. The information system and data communications infrastructure has been developed to meet the requirements of new group-wide information systems. The opportunities present in electronic business operations were mapped out in a study which provided the basis for the start of the development of solutions for customers, distributors and subcontractors.

The 2002 personnel survey pinpointed cooperation between various units and teams as the foremost development area. This led to active development in this area during the year. The use of a personnel management system was extended to all Vaisala offices. In early 2002, a global communications team was established to enhance and support the flow of information between various offices. This objective is promoted by the new group-wide intranet which aims to put the same information at the disposal of every employee at Vaisala, regardless of their location. An electronic recruitment system was taken into use in January 2002 to make it easier for students to apply for trainee and diploma work positions at Vaisala. A project with a new tool to facilitate new employees' orientation to Vaisala was started in fall 2002. The objective is to ensure that every new Vaisala employee receives good and efficient orientation to the job and company. The application - called "Learning Path" - utilizes the new Vaisala intranet.

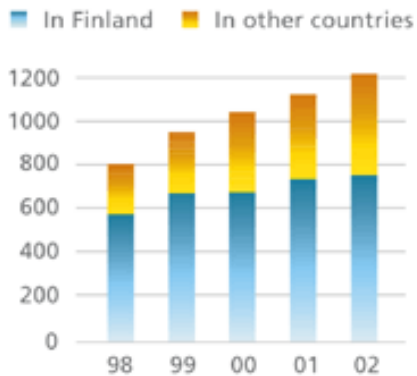
Corporate acquisitions, and the efforts to strengthen market position, especially in the North American market increased the number of expatriate contracts. For this reason, secondment policy and practices were developed.

Using rewarding as a tool in operations management

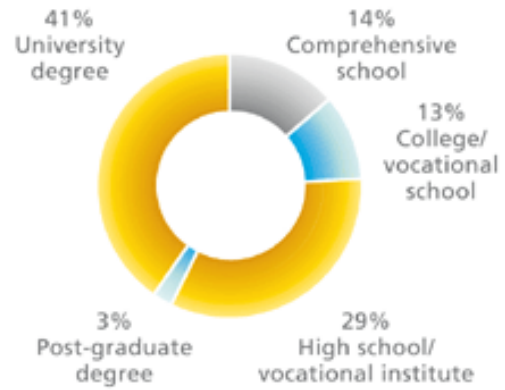
All Vaisala personnel belong to a bonus scheme. In addition to this, various incentive schemes based on meters used in the processes have been developed. At this point, 46% of Vaisala personnel belong to these schemes. Work on unifying the bonus scheme throughout the Group was continued.

Personnel in graphs

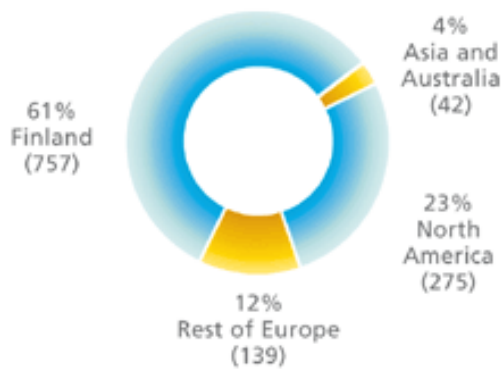
Personnel at the end of the year



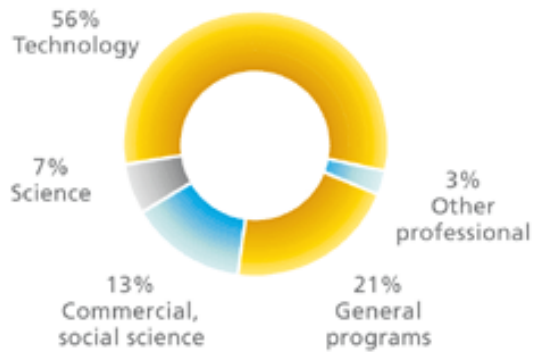
Level of education



Personnel by geographical area



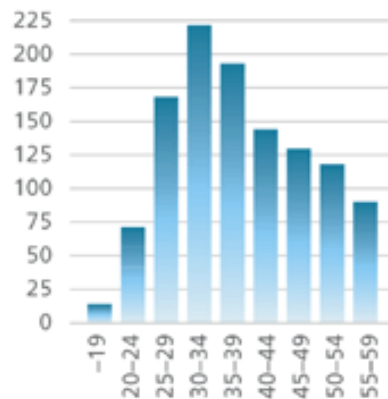
Area of education



Personnel by gender



Personnel by age



Information for shareholders

Annual General Meeting

The Annual General Meeting of Vaisala Oyj will be held on Wednesday 19 March 2003, at 5 p.m. at the company's head office, Vanha Nurmijärventie 21, Vantaa, Finland.

The following items will be on the agenda in the Annual General Meeting:

- 1) the items specified in Article 13 of the Articles of Association,
- 2) the Board's proposal for reapproval of warrants granted in year 2000

The Annual General Meeting 2000 of Vaisala Oyj (9 March 2000) made a decision to issue warrants to the key personnel of the Vaisala Group and to a wholly-owned subsidiary of Vaisala Oyj. The decision of the Annual General Meeting on the warrants was registered in the Trade Register 22 March 2000. The full amount of warrants has been subscribed to according to the terms and conditions of the warrants. Because deficiencies have been found in the trade register entry of Vaisala Oyj's warrants of year 2000, the Board of Directors proposes to the Annual General Meeting that it would decide that the decision of the Annual General Meeting 2000, dated 9 March 2000, would be effective despite deficient Trade Register entry.

Shareholders who are registered in the company's share register maintained by the Finnish Central Securities Depository Ltd by 7 March 2003 may attend the Annual General meeting. Shareholders whose shares have not been transferred to the book-entry securities system may also attend the Annual General Meeting provided that such shareholders were registered in the company's share register before 21 October 1994. In such cases, shareholders must present evidence that their shareholding rights have not been transferred to the book-entry securities system.

Documents relating to financial statements and the Board's proposals to the Annual General Meeting are available as copies for the shareholders to see at the company's head office in Vantaa, Vanha Nurmijärventie 21, for a week before the Annual General Meeting. On request, copies will be sent to shareholders.

Shareholders wishing to attend the Annual General Meeting must notify the company no later than 4 p.m. on Monday 10 March 2003. Notification can be made either by letter addressed to Vaisala Oyj, Nina Andersin, P.O.Box 26, FIN-00421 Helsinki, Finland, by telefax to +358 9 8949 2206, by e-mail at nina.andersin@vaisala.com, or by telephone on weekdays between 9 to 12 a.m., tel. +358 9 8949 2201.

Letter authorizing a proxy to vote on behalf of a shareholder should be sent to the company before expiry of the notification.

Payment of dividend

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.55 per share be paid on the 2002 financial year. The record date for dividend payment is 24 March, and subject to approval of the board, the dividend will be paid on 31 March 2003. Shareholders cannot be paid a dividend until they have transferred their shares to the book entry securities system.

Financial Reporting in 2003

Vaisala Oyj will publish three interim reports in 2003 in Finnish and English according to the following schedule:

Interim report 1.1. - 31.3.2003	5.5.2003
Interim report 1.1. - 30.6.2003	7.8.2003
Interim report 1.1. - 31.9.2003	31.10.2003

Financial reports can be ordered from the address:

Vaisala Oyj
Corporate Communications
P.O.Box 26, FIN-00421 Helsinki, Finland
Tel. +358 9 8949 2744
Telefax +358 9 8949 2593
e-mail: info@vaisala.com

We will publish the Financial Statements 2002 brochure in Finnish and English.

The company's interim reports as well as other stock exchange releases and press releases are also available on the Vaisala website at www.vaisala.com.

Contact us

Vaisala Oyj

Corporate Communications

P.O. Box 26, FIN-00421 Helsinki, Finland

Street address: Vanha Nurmijärventie 21, FIN-01670 Vantaa, Finland


Tel. +358 9 8949 2744

Fax +358 9 8949 2593

E-mail: info@vaisala.com



Financial Statements 2002

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In addition to this Financial Statements 2002 brochure Vaisala has published an electronic annual report at www.vaisala.com/annualreport.

Market situation

Growth in demand stopped at the beginning of 2002. Thereafter demand has been unstable. Among customers the uncertainty in the global market has been evident in postponements of known projects. Vaisala has retained its market share, and the company holds a very strong position in the market.

Demand in the meteorology sector is trending more and more towards large comprehensive solutions. This is also apparent in the Vaisala Group's current order book, with deliveries scheduled over a number of years. For Vaisala this means longer-term cooperation with its customers.

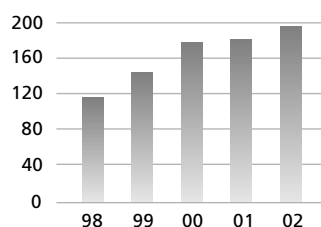
Furthermore, the instrument business is becoming increasingly distinct from the system business. As a global operator, Vaisala will benefit from the scale advantages generated by this trend.

Growth has been modest in the European and Japanese markets. Growth in the North American market has been based on corporate acquisitions. China is for Vaisala a strongly developing market area, and one on which the company will focus.

Net sales and order book

The Vaisala Group's net sales grew by 6.9% to EUR 196.2 million (EUR 183.5 million in 2001). Operations outside Finland accounted for 96.3% of net sales. The Group received new orders worth EUR 213.3 (176.3) million during the financial year. The order book at the end of the financial year stood at EUR 77.1 (57.8) million.

Development of net sales (M€)



Performance

Operating profit for the financial year amounted to EUR 22.6 (29.7) million. Profit before extraordinary items represented 10.9% of net sales, amounting to EUR 21.5 (30.6) million.

In the prevailing global market situation we fell short of our sales targets in certain business areas, which has resulted in the lower profit figure.

The result includes non-recurring income of EUR 2 million arising from changes in the license agreement between Vaisala Oyj and Breed Technologies Inc.

Goodwill depreciation that had a negative impact on the Group's profit totaled EUR 7.5 million. This includes a non-recurring write-down on goodwill of EUR 2.2 million, since future returns expected from corporate acquisitions Dimensions SA and Impulsphysik GmbH do not correspond to their value at the time of acquisition. Costs incurred in reorganization of the operations were EUR 1.9 million. Customer credit losses and provisions for them were EUR 2.2 million.

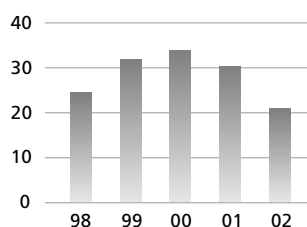
Balance sheet

Vaisala Group's solvency and liquidity remained strong. The balance sheet total as at 31 December 2002 was EUR 175.0 (170.9) million. The Group's solvency ratio at the end of the review period was 84% (83%), while cash and bank balances totaled EUR 38.9 (45.5) million.

Capital expenditure

Gross investment in non-current assets during the financial year totaled EUR 28.4 (12.1) million.

Profit before extraordinary items, provisions and taxes (M€)



During the review period Vaisala acquired the shares of minority shareholders in Vaisala Meteorological Systems Inc (15%), and merged the company with Vaisala Inc.

In March Vaisala acquired 100% of the stock of the American company Global Atmospheric Inc. from Sankosha Group. The final purchase price was USD 14.0 million.

A site was purchased in Boulder, Colorado, where new premises were built. They were completed in January 2003. The investment amounts to approximately EUR 5.5 million. EUR 1.7 million of this expenditure was entered in the accounts for 2002.

Construction of a new cleanroom and extension of the company's premises in Vantaa, Finland, was started in September. The construction is scheduled for completion by the end of 2003. The investment will amount to some EUR 8 million. EUR 2 million of this expenditure was entered in the accounts for 2002.

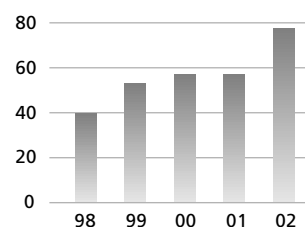
Changes in the Group's organisational structure

In Germany, Vaisala GmbH was merged with Vaisala Impulsphysik GmbH and company's name is Vaisala GmbH. In the USA, Vaisala Meteorological Systems Inc was merged with Vaisala Inc. In the UK, Vaisala TMI Limited was dissolved. The corporate acquisition of Global Atmospheric Inc. brought a 35% share of ownership of the French company Météorage SA.

Business performance

Vaisala has four divisions specializing in environmental measurement: the Upper

Order book, Dec. 31 (M€)



Air Division, the Surface Weather Division, the Remote Sensing Division and the Sensor Systems Division.

Upper Air Division

The Upper Air Division develops, manufactures and markets instruments and systems for observing the weather in the upper atmosphere.

The division's main products are radiosonde and dropsonde instruments and related ground equipment for collecting and processing the information gathered by the radiosondes. The division's core customer groups are meteorological institutes, meteorological research organizations and defense forces. Vaisala is the world market leader in upper air sounding systems.

The division's net sales in 2002 totaled EUR 63.2 million, compared to EUR 69.7 million in the previous financial year. Financial performance matched the development in net sales.

In 2002 the division continued its significant investment in research and development, the objective being to strengthen its product leadership with new, innovative product platforms.

During the review period, Vaisala launched a new tethered sonde system intended for research use. The system is suitable for meteorological and air-pollution research and for the needs of agriculture, forestry and acoustic research.

In July Vaisala received an order to supply upper air observation systems to the Bureau of Meteorology of Australia. The total value of the contract is approximately EUR 3.7 million and deliveries under the contract will be carried out during the period 2003-2005.

In June the Vaisala Group signed a contract with the Turkish State Meteorological Service to supply meteorological observation equipment. The contract, valued at EUR 2.1 million, covers sounding systems and equipment, and a centralized data collection and management system.

In May Vaisala signed a contract worth some EUR 2.8 million with a long-standing customer for the supply

of sounding systems, accessories and radiosondes.

In March Vaisala received a major order, worth some EUR 10 million, from a long-standing customer for the supply of sounding systems, accessories and radiosondes.

The Surface Weather Division

The Surface Weather Division develops, manufactures and markets meteorological sensors and systems, which are used by its customers to observe weather conditions near and on the earth's surface. The division's main products are automatic weather stations and observation systems, as well as aviation and road weather systems and optical sensors. Its core customer groups are meteorological institutes, defense forces, road and aviation authorities, and land and water resource management agencies.

The division's net sales in 2002 totaled EUR 67.5 million, compared to EUR 65.0 million in the previous financial year. Profit and return on investment improved from the previous year.

During the review period the division increased its market share, particularly in road traffic weather systems. It is a market leader in, among other things, aviation and road traffic weather systems, automatic weather stations and optical sensors.

During the year, the division invested in product development in all product areas including, for example, the development of a data collection and management system designed for the use of meteorological institutes.

The division launched a visibility meter based on a new technology for measuring runway visual range at airports.

In May Vaisala signed a contract to supply Data Collection Platform systems to the Brazilian Space Research Institute. The contract is worth over EUR 1 million.

In April Vaisala signed a contract with a long-standing customer for

supplying, commissioning and maintaining an automated airport weather observation solution. The contract is worth some EUR 7 million and it is the largest order for an aviation weather system in Vaisala's history. Deliveries under the contract will start in 2003.

In February Vaisala received a major order from the United States Air Force for the delivery of tactical meteorological observation systems. The order is worth some USD 3.5 million.

In January Vaisala signed a contract with the Finnish Civil Aviation Administration for supplying an automated aviation weather observation system to the Helsinki-Vantaa Airport. The deliveries took place during 2002.

The Remote Sensing Division

The Remote Sensing Division develops, manufactures and markets wind profilers and lightning detection systems, which represent technologies acquired by the Group through acquisitions (Dimensions in 2000, Radian in 2001 and Global Atmospheric in 2002).

Vaisala established the Remote Sensing Division in 2001 to strengthen and utilize the Group's expertise in the field of remote atmospheric measurement technology. Remote sensing is a growing area in aviation, meteorology, climatology, hydrology and air quality research. The Division's customer groups include meteorological and climatological research institutes, authorities monitoring air quality, civil aviation authorities, insurance companies and power utilities. In the field of remote sensing technology, Vaisala is a world market leader in wind profilers and lightning detection systems.

The Division generated net sales of EUR 18 million, compared to EUR 3.8 million in the previous financial year. The division did not return a profit during the financial year.

The operational priorities in the lightning detection business in 2002 were the further consolidation of products and operations and the regional expansion of the lightning data sales business outside the United States.

Priorities of the wind profiler business are improving the cost structure of basic products and the integration of new signal processing algorithms into the wind profiler product range.

During the review period, the division received orders for lightning detection networks from, for example, Taiwan, Malaysia, Morocco and Italy. These orders had a total value of more than EUR 5 million.

In July the Vaisala Group received a significant order from the German Weather Service (Deutscher Wetterdienst). Under the terms of the contract Vaisala will supply a network of wind profilers during 2003-2005. The contract is valued at over EUR 5 million.

In March the Vaisala Group acquired the US company Global Atmospheric Inc. The acquisition elevated Vaisala to global market leadership in the field of lightning detection and location.

The Sensor Systems Division

The Sensor Systems Division develops, manufactures and markets electronic measurement instruments for the measurement of relative humidity, dewpoint, material moisture, barometric pressure, carbon dioxide and ammonia. The Division's products are used to control production processes and equipment performance, to maintain safety and to measure human and product environments in industry, meteorology and metrology. Vaisala is a leading manufacturer of relative humidity and barometric pressure measurement equipment intended for professional use.

The division's net sales in 2002 totaled EUR 47.5 million, compared to EUR 45.1 million in the previous financial year. Profit fell compared to the previous year, owing to heavy product development investment, but remained good.

The division launched a precision dewpoint measurement instrument for reference laboratories. The product's new technology, which is surface acoustic wave based, has significant

advantages over the mirror dewpoint measurement instruments generally in use. In addition, the humidity product range was expanded by bringing to the market a range of humidity transmitters for industrial applications as well as a portable humidity meter.

Sales of the ammonia detector launched in 2001 have begun as planned. The first volume contracts were received during 2002.

Vaisala signed a contract with the China Meteorological Administration during the review period for the delivery of Vaisala pressure and humidity measuring equipment to China's weather observation network. The contract is worth EUR 1.5 million.

Research and development

Expenditure on research and development in the review period totaled EUR 22.1 (18.9) million, representing 11.2% of the Group's net sales.

The Vaisala Group is working closely in new projects with leading research institutes, such as NOAA (the National Oceanic and Atmospheric Administration, USA), NCAR (the National Center for Atmospheric Research, USA) and VTT (Technical Research Centre of Finland).

In addition, it was agreed in January 2003 that the Vaisala Group will participate in the THORPEX programme (The Observing-System Research and Predictability Experiment). THORPEX is a 10-year programme, implemented under the auspices of the WMO (the World Meteorological Organization).

Other events during the review period

The options approved by the Annual General Meeting on 9 March 2000 were not registered in the Trade Register within the specified time limit due to human error and consequently the options have expired. Although the options granted in 2000 are not valid under Finnish company legislation, the company's Board of Directors plans to safeguard the

interests of option holders. A total of 896,000 options have expired. The Board of Directors will propose the matter to the Annual General Meeting for reconsideration at the spring 2003 meeting.

Vaisala's environmental system fulfils the requirements of the SFS-EN ISO 14001 standard, and it was granted an environmental system certificate during 2002. In addition, the Vaisala Group was awarded an international ISO 9001:2000 quality management certificate during the review period. Vaisala's quality management system is applied consistently at all the Group's locations.

Mr. Tapio Engström was appointed Vaisala Oyj's Finance Director and Member of the Management Group with effect from 1 August 2002. Mr. Erkki Järvinen was appointed Director of the Upper Air Division and Member of the Management Group with effect from 1 September 2002. Mr. Jan Hörhammer was appointed Director, Weather Observation Sales and Marketing, with effect from 1 April 2002.

Vaisala announced plans to centralize its USA manufacturing operations in Boulder, Colorado. Most of the Group's radiosonde production in the USA was transferred to Finland and production in Boston was closed down.

Events after the review period

Vaisala Oyj announced in July 2002 that it had received a USD 6.5 million claim for compensation related to claimed breach of a licence agreement.

The American Arbitration Association has now rejected the claim and announced that the Claimant does not have a right to claim for compensation from Vaisala Oyj.

The Vaisala Group announced that it will launch a new generation radiosonde for upper air measurements onto the global market this year. Together with the Vaisala sounding equipment it will provide more accurate pressure, temperature, relative humidity, and wind measurement data than ever. The new Vaisala radiosonde

will gradually replace the older versions.

Vaisala share

Share performance (EUR) during 2002

Highest	Lowest	31.12.2002	31.12.2001
30.30	18.81	22.98	27.30

Vaisala's share capital at the end of December was EUR 7,332,244.92 and the Group's total number of shares was 17,437,000.

A total of 1,607,165 Vaisala shares were traded during the financial period.

A total of 138,000 Vaisala Oyj's A shares were subscribed for in April 2002 with the A warrants attached to Vaisala Oyj's bond with warrants issued in 1997. The shares were entered in the Trade Register on 14 May 2002. Vaisala's share capital increased by a total 138,000 A shares, with a value of EUR 58,028.89, as a result of this share subscription.

A total of 42,000 shares were subscribed for in October 2002 with the A warrants attached to Vaisala Oyj's bond with warrants issued in 1997. Vaisala's share capital increased by a total 42,000 A shares, with a value of EUR 17,660.97, as a result of this share subscription. Vaisala's share capital was EUR 7,332,244.92 euros following the increase.

During 2002, the US Capital Group Companies Inc.'s ownership of Vaisala Oyj's share capital exceeded 5% and Sampo Plc's ownership of Vaisala Oyj's share capital fell below 5%.

Personnel

During the financial year, the Vaisala Group employed an average of 1,208 (1,115) people, 764 (740) of whom worked in the parent company and 444 (375) in the subsidiaries. Some 20% (19%) of the Group's personnel worked at research and development. The total number of people employed by the Vaisala Group at the end of the financial year was 1,213 (1,125), of whom 771 (734) worked in the parent company and 442 (391) in the subsidiaries. Some 38% (36%) of the Group's employees worked outside Finland.

Salaries

During the financial year, the parent company paid salaries totaling EUR 297 (316) thousand to the members of the Board of Directors and the President & CEO, and EUR 26,077 (24,444) thousand to the rest of the personnel.

Salaries paid to the Group Management totaled EUR 1,043 (1,325) thousand and salaries to the rest of the Group personnel EUR 49,040 (45,174) thousand.

Board of Directors, President & CEO and auditors

The members of the Board of Directors are Raimo Voipio M.Sc.(Eng.) (Chairman); Professor Pekka Hautajärvi; Professor Yrjö Neuvo, Executive Vice President; Mikko Niinivaara M.Sc.(Eng.); Mikko Voipio M.Sc.(Eng.) and Gerhard Wendt Ph.D. The Group's President & CEO is Pekka Ketonen, M.Sc. (Eng.).

The Group's auditors are PricewaterhouseCoopers Oy, Authorized Public Accountants, and Jukka Ala-Mello APA.

Dividend

The Board of Directors will propose to the Annual General Meeting to be held on 19 March 2003 that a dividend of EUR 0.55 per share be paid for the financial year 2002. According to the proposal, a total of EUR 9,590,350 will be spent on dividends, representing 73% of the operating profit for the financial year.

Outlook

The current outlook for 2003 is uncertain owing to world political and economic conditions.

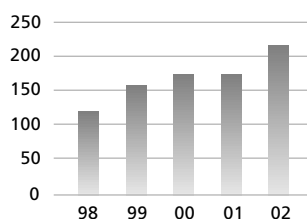
Climate variability and the need for up-to-date weather information are creating demand for the ongoing development of weather observation systems. Close cooperation with experts in the field as well as heavy investment in product development will ensure Vaisala's leading position as a supplier of these systems.

In the instrument business, Vaisala's strong technological expertise and global recognition form a good basis for profitable growth.

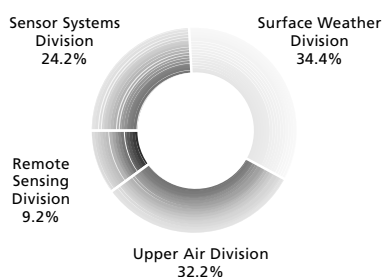
The Vaisala Group's growth in 2003 may fall short of its long-term target. Profitability will be improved by enhancing the cost-efficiency of products and operational processes.

Vantaa, 14 February 2003
Board of Directors

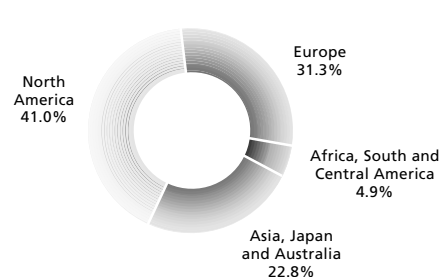
Orders received (M€)



Net sales by division



Net sales by market



Income statements

(M€)	Note	GROUP		PARENT COMPANY	
		2002	2001	2002	2001
Net sales	(2)	196.2	183.5	131.7	128.3
Cost of production and procurement		85.0	81.1	63.9	62.2
Gross profit		111.2	102.4	67.7	66.1
Cost of sales and marketing		43.7	37.3	16.9	14.8
Cost of administration					
Development costs		22.1	19.0	16.0	13.9
Other administrative costs		15.6	12.8	9.7	8.6
Group goodwill		7.5	3.8	-	-
		88.8	72.9	42.6	37.3
Other operating income	(3)	2.0	0.2	2.0	0.0
Other operating costs		1.9	-	-	-
Operating profit		22.6	29.7	27.2	28.8
Financial income and expenses	(5)	-1.1	0.9	-5.9	5.2
Profit before provisions and taxes		21.5	30.6	21.3	34.0
Provisions		-	-	1.7	0.7
Direct taxes	(6)	8.4	9.9	6.3	9.2
Minority interest		-0.2	-0.2	-	-
Net profit for the financial year		13.2	20.9	16.7	25.5

Balance sheets

Assets (M€)	Note	GROUP		PARENT COMPANY	
		2002	2001	2002	2001
Non-current assets					
Intangible assets	(7)				
Intangible rights		3.1	3.2	3.9	4.7
Goodwill		3.6	6.9	–	–
Consolidated goodwill		8.7	3.4	–	–
Other long-term expenditure		0.5	0.5	0.3	0.2
		15.9	13.9	4.2	4.9
Tangible assets	(7)				
Land and waters		2.2	1.3	1.3	1.3
Buildings		18.5	16.5	18.5	16.5
Machinery and equipment		13.2	12.3	9.0	9.0
Other tangible assets		1.1	0.3	0.0	0.0
Advance payments and construction in progress		4.6	1.9	3.9	1.8
		39.5	32.3	32.7	28.7
Investments	(7, 10)				
Other shares and holdings		0.3	0.1	20.8	11.8
Other receivables		2.0	2.3	0.1	0.1
Receivables from subsidiaries		–	–	6.9	9.5
		2.4	2.3	27.7	21.4
Current assets					
Inventories					
Materials and consumables		10.8	10.7	7.0	7.2
Work in progress		4.3	4.4	3.6	1.7
Finished goods		7.9	6.3	2.7	2.4
		23.0	21.4	13.3	11.4
Receivables					
Trade receivables		40.8	42.2	32.7	31.9
Loan receivables		0.0	0.4	2.1	2.5
Other receivables		3.5	2.2	0.3	0.0
Prepaid expenses and accrued income	(8)	5.9	3.9	5.8	4.0
Deferred tax assets	(11)	5.0	6.8	0.3	0.5
		55.3	55.4	41.1	38.9
Cash and bank balances	(9)	38.9	45.5	30.1	32.4
Assets, total		175.0	170.9	149.2	137.7

Shareholders' equity and liabilities (M€)	Note	GROUP		PARENT COMPANY	
		2002	2001	2002	2001
Shareholders' equity	(12)				
Share capital		7.3	7.3	7.3	7.3
Share issue		6.9	5.0	6.9	5.0
Reserve fund		0.1	0.1	-	-
Profit from previous years		111.0	104.6	93.1	77.1
Profit for the financial year		13.2	20.9	16.7	25.5
		138.5	137.9	124.0	114.9
Minority interest		-	0.2	-	-
Provisions					
Accumulated depreciation difference	(12)	-	-	2.5	4.2
Obligatory provisions	(13)	1.1	1.8	0.8	1.6
Liabilities					
Non-current					
Other non-current liabilities	(14)	2.2	2.1	2.0	2.0
Current					
Advances received		9.6	4.3	5.0	1.2
Trade payables		8.0	8.6	8.1	7.0
Other current liabilities		2.0	1.9	1.3	1.4
Accrued expenses and deferred income	(15)	13.6	14.3	5.4	5.3
		33.2	29.0	19.8	15.0
Shareholders' equity and liabilities, total		175.0	170.9	149.2	137.7

Cash flow statements

(M€)	GROUP		PARENT COMPANY	
	2002	2001	2002	2001
Cash flow from operating activities				
Cash flow from operations	202.3	182.6	134.1	118.8
Other income from business operations	2.0	0.1	2.0	0.0
Expenses from business operations	-168.4	-155.1	-101.5	-103.4
Cash flow from business operations before financial items and taxes	35.9	27.7	34.6	15.4
Financial income and expenses from business operations	0.7	1.1	0.8	3.4
Dividend received from business operations	0.0	0.0	1.6	3.6
Direct tax paid	-10.4	-13.9	-8.8	-9.4
Cash flow from business operations (A)	26.2	14.8	28.2	13.0
Cash flow from investing activities				
Investments in tangible and intangible assets	-24.9	-11.5	-8.7	-9.5
Proceeds from sale of fixed assets	0.0	0.1	0.0	0.0
Loans granted	0.0	-0.4	-3.8	-0.9
Other investments	-0.2	-0.1	-15.6	-3.1
Repayments on loan receivables	0.0	0.0	5.3	1.8
Proceeds from sale of other investments	0.0	0.0	0.0	0.0
Cash flow from investing activities (B)	-25.1	-11.9	-22.8	-11.7
Cash flow from financing activities				
Equity issue	1.9	0.4	1.9	0.4
Repayment of short-term loans	0.0	0.0	0.0	0.0
Withdrawal of long-term loans	0.4	0.0	0.4	0.0
Repayment of long-term loans	-0.5	-0.8	-0.5	-0.6
Dividend paid and other distribution of profit	-9.5	-11.6	-9.5	-11.6
Cash flow from financing activities (C)	-7.7	-12.0	-7.7	-11.8
Change in liquid funds (A+B+C) increase (+) / decrease (-)	-6.6	-9.1	-2.2	-10.5
Liquid funds at beginning of financial year	45.5	54.6	32.4	42.9
Liquid funds at end of financial year	38.9	45.5	30.1	32.4

1. Accounting principles

Scope of consolidation

The consolidated financial statements include the accounts of Vaisala Oyj and those companies in which it holds, directly or indirectly through subsidiaries, over 50% of the voting rights. The companies acquired or established during the financial period have been consolidated from the date of acquisition or formation.

Principles of consolidation

The consolidated accounts have been drawn up using the purchase method. The difference between the cost of acquired shares and the value of the equity of the acquired subsidiaries is primarily allocated to the fair values of acquired assets and liabilities in the consolidated balance sheet. The remaining difference is carried as goodwill on consolidation and amortized over its estimated useful life, over a period of five years.

Intragroup transactions, unrealized margins of intragroup deliveries, intragroup receivables and debts, and the Group's internal distribution of profit have been eliminated. The balance sheets of foreign Group companies have been translated into euros using the official average exchange rates quoted by the European Central Bank at the balance sheet date. The income statements have been translated using the average rates during the financial year. All translation differences arising from the consolidation of foreign shareholdings are recorded as a separate item under non-restricted equity.

Earnings in companies in which Vaisala group holds 20 - 50 % of the shares are consolidated according to the equity method.

Non-current assets

The balance sheet values of fixed assets are stated at historical cost, less accumulated depreciation and amortization, with the exception of the office and factory premises at Vantaa, which were revalued in previous years by a total of EUR 5.7 million. Despite of the revaluations, the asset value is significantly less than the market value of the office and factory premises. The cost of self-constructed assets also includes overhead costs attributable to construction work. Interest is not capitalized on fixed assets. Depreciation and amortization is calculated on a straight-line basis over the expected useful lives of the assets, except for land, which is not depreciated. Estimated useful lives for various assets are:

Intangible rights	3-5 years
Goodwill and group goodwill	5 years
Buildings and structures	5-40 years
Machinery and equipment	3-10 years
Other tangible assets	5-15 years

Inventories

The cost of inventories comprises all costs of purchase. Finished goods produced include also fixed and variable production overheads. Inventories are valued using the average cost method.

Foreign currency items

Transactions in foreign currencies are recorded at the rates of exchange prevailing at the date of transaction. Receivables and payables in foreign currency are valued at the exchange rates quoted by the European Central Bank at the balance sheet date. All foreign exchange gains and losses, including foreign exchange gains and losses on trade accounts receivable

and payable, are recorded as financial income and expenses.

Pension costs

Pension costs are recorded according to the local regulations. The additional pension coverage of parent company personnel is arranged by the Vaisala Pension Fund (closed on 1.1.1983). The pension liability of the fund is fully covered.

Research and development costs

Except for investments in machinery and equipment, which are amortized on a straight line basis over a period of five years, research and development costs are expensed in the financial period in which they occurred.

Obligatory provisions

Obligatory provisions in the balance sheet include those items which the company is committed to cover either through agreements or otherwise, but which are not yet realized. Changes to obligatory provisions are included in the income statement.

Extraordinary income and expenses

Extraordinary income and expenses include items incurred outside the normal course of business operations.

Income taxes

Income taxes consist of current and deferred tax. Current taxes in the income statement include estimated taxes payable or refundable on tax returns for the financial year and adjustments to tax accruals related to previous years. The deferred taxes in the income statement represent the net change in deferred tax liabilities and assets during the year.

(t€)	GROUP		PARENT COMPANY	
	2002	2001	2002	2001
2. Net sales by market area				
Finland	7 328	7 052	7 328	7 052
Other Europe	53 963	55 431	43 808	43 190
North America	80 554	68 840	33 396	33 011
Asia and Australia	44 721	39 316	37 475	32 112
Africa, South and Central America	9 654	12 890	9 654	12 890
Total	196 220	183 529	131 661	128 255
3. Other operating income				
Gains on disposal of fixed assets	41	68	0	30
Other income from operations	2 001	102	2 001	9
Total	2 042	170	2 001	39
4. Personnel				
Personnel costs				
Wages and salaries	50 083	46 499	26 374	24 760
Pension costs	5 533	4 717	3 938	3 492
Other personnel costs	5 390	4 817	2 089	1 886
Total	61 006	56 033	32 401	30 138
Personnel on average during the year (persons)				
In Finland	764	728	751	728
Outside Finland	444	387	13	12
Total	1 208	1 115	764	740
Personnel Dec. 31				
In Finland	757	722	757	722
Outside Finland	456	403	14	12
Total	1 213	1 125	771	734
Cash loans, securities or contingent liabilities were not granted to the President or to the members of the Board of Directors.				
5. Financial income and expenses				
Dividend income				
From Group companies	-	-	1 549	3 615
From others	25	28	25	28
Share of the associated companies' net profit				
Share of the associated companies' net profit	11	-	-	-
Interest income on long-term investments				
From Group companies	-	-	486	785
Other interest and financial income				
From Group companies	-	-	91	97
From others	1 482	2 023	1 140	1 588
Write-down on investments				
Write-down on long-term investments	-	-	-4 500	-
Interest and other financial expenses				
From others	-170	-408	-106	-379
Foreign exchange gains and losses				
From Group companies	-	-	-3 207	307
From others	-2 466	-747	-1 346	-829
Total	-1 117	896	-5 869	5 212

(t€)	GROUP		PARENT COMPANY			
	2002	2001	2002	2001		
6. Income taxes						
Taxes for the financial year	7 274	14 805	6 073	8 767		
Taxes from previous years	5	27	5	27		
Taxes paid at source abroad	-13	65	-13	65		
Deferred tax liability	1 148	-4 976	229	361		
Total	8 414	9 921	6 294	9 220		
7. Fixed assets and other long-term investments						
Group	INTANGIBLE RIGHTS	GOODWILL	CONSOLIDATED GOODWILL	OTHER LONG-TERM EXPENDITURE	TOTAL	
Intangible assets						
Acquisition cost Jan. 1	8 450	15 128	5 344	1 202	30 125	
Translation difference	-15	-2 481	-	-113	-2 609	
Increases	1 129	-	10 082	138	11 350	
Decreases	-80	-1 526	-587	-18	-2 210	
Transfers between items	-	196	-	-	196	
Acquisition cost Dec. 31	9 485	11 317	14 840	1 209	36 851	
Accumulated depreciation and write-downs Jan. 1	5 300	8 224	1 954	709	16 188	
Translation difference	-10	-1 564	-162	-77	-1 813	
Accumulated depreciation of decreases and transfers	-80	-1 526	-587	-	-2 192	
Depreciation for the financial year	1 217	2 560	4 916	117	8 810	
Accumulated depreciation Dec. 31	6 428	7 694	6 121	750	20 993	
Balance sheet value Dec. 31	3 058	3 623	8 719	460	15 859	
Write-off period for the goodwill and consolidated goodwill is 5 years						
Group	LAND AND WATERS	BUILDINGS	MACHINERY AND EQUIPMENT	OTHER TANGIBLE ASSETS	ADVANCE PAYMENTS AND CONSTRUCTION IN PROGRESS	TOTAL
Tangible assets						
Acquisition cost Jan. 1	1 193	18 465	34 605	754	1 870	56 888
Translation difference	-	-2	-1 703	-80	-	-1 785
Increases	946	2 756	6 542	1 296	6 816	18 357
Decreases	-	-	-1 583	-400	-4 123	-6 106
Transfers between items	-	-	-	-	-	0
Acquisition cost Dec. 31	2 140	21 219	37 861	1 570	4 563	67 353
Accumulated depreciation and write-downs Jan. 1	-	7 592	22 258	425	-	30 275
Translation difference	-	-2	-1 425	-80	-	-1 506
Accumulated depreciation of decreases and transfers	-	-	-808	-265	-	-1 073
Depreciation for the financial year	-	761	4 662	412	-	5 836
Accumulated depreciation Dec. 31	0	8 351	24 688	493	0	33 531
Revaluation	84	5 618	-	-	-	5 702
Balance sheet value Dec. 31	2 224	18 486	13 173	1 078	4 563	39 524
Undepreciated acquisition cost of machinery and equipment on Dec. 31, 2002 was EUR 11.8 million.						

Group	SHARES AND HOLDINGS	SHARES IN ASSOCIATED COMPANIES	OTHER LONG-TERM RECEIVABLES	TOTAL		
Investments						
Acquisition cost Jan. 1	81	–	814	895		
Translation difference	–2	–	–104	–106		
Increases	–	252	1 432	1 684		
Decreases	–	–	–101	–101		
Transfers between items	–	–	–	–		
Balance sheet value Dec. 31	79	252	2 042	2 372		
Parent Company						
	INTANGIBLE RIGHTS	OTHER LONG-TERM EXPENDITURE	TOTAL			
Intangible assets						
Acquisition cost Jan. 1	9 877	480	10 356			
Increases	826	84	910			
Decreases	–80	–	–80			
Transfers between items	–	–	–			
Acquisition cost Dec. 31	10 623	564	11 187			
Accumulated depreciation and write-downs Jan. 1	5 172	252	5 424			
Accumulated depreciation of decreases and transfers	–80	–	–80			
Depreciation for the financial year	1 587	19	1 606			
Accumulated depreciation Dec. 31	6 679	271	6 951			
Balance sheet value Dec. 31	3 943	293	4 236			
Parent Company						
	LAND AND WATERS	BUILDINGS	MACHINERY AND EQUIPMENT	OTHER TANGIBLE ASSETS	ADVANCE PAYMENTS AND CONSTRUCTION IN PROGRESS	TOTAL
Tangible assets						
Acquisition cost Jan. 1	1 193	18 434	21 805	27	1 849	43 309
Increases	–	2 746	2 988	–	6 170	11 903
Decreases	–	–	–742	–	–4 123	–4 865
Transfers between items	–	–	–	–	–	–
Acquisition cost Dec. 31	1 193	21 180	24 051	27	3 895	50 346
Accumulated depreciation and write-downs Jan. 1	–	7 569	12 787	–	–	20 356
Accumulated depreciation of decreases and transfers	–	–	–741	–	–	–741
Depreciation for the financial year	–	754	2 959	–	–	3 713
Accumulated depreciation Dec. 31	0	8 323	15 005	0	0	23 328
Revaluation	84	5 618	–	–	–	5 702
Balance sheet value Dec. 31	1 277	18 475	9 046	27	3 895	32 721

Undepreciated acquisition cost of machinery and equipment on Dec. 31, 2002 was EUR 8.4 million.

	SUBSIDIARY SHARES	OTHER SHARES AND HOLDINGS	OTHER LONG-TERM RECEIVABLES FROM GROUP COMPANIES	TOTAL
Parent Company				
Investments				
Acquisition cost Jan. 1	11 849	54	9 531	21 435
Increases	13 443	–	269	13 712
Decreases	–4 500	–	–2 935	–7 435
Transfers between items	–	–	–	–
Balance sheet value Dec. 31	20 792	54	6 866	27 712
	GROUP		PARENT COMPANY	
(t€)	2002	2001	2002	2001
8. Deferred assets				
Tax related deferred assets	4 403	3 191	4 390	3 139
Other deferred assets	1 510	687	1 407	875
	5 913	3 877	5 796	4 014
9. Cash and bank balances				
Cash and balance in the bank accounts	18 520	15 008	9 766	1 937
Commercial papers	20 382	30 449	20 382	30 449
	38 902	45 457	30 147	32 387
10. Group companies				
	GROUP HOLDING %		PARENT COMPANY HOLDING %	
Subsidiaries				
Vaisala Limited, Birmingham, Great Britain		100%		100%
Vaisala Pty Ltd., Hawthorn, Australia		100%		100%
Vaisala GmbH, Hamburg, Germany		100%		100%
Vaisala KK, Tokyo, Japan		100%		100%
Vaisala Holding Inc., Woburn, USA		100%		100%
Vaisala Inc., Woburn, USA		100%		0%
Tycho Technology Inc., Woburn, USA		100%		0%
Vaisala S.A., Argentina		100%		100%
Vaisala S.A., Saint-Quentin-En-Yvelines, France		100%		100%
Vaisala - GAI Inc., Tucson, USA		100%		0%
All subsidiaries have been included in the consolidated financial statements.				
Associated companies				
Meteorage SA, France		35%		0%

(t€)	GROUP		PARENT COMPANY	
	2002	2001	2002	2001
11. Deferred tax assets and liabilities				
Deferred tax assets				
Consolidation	885	1 220	-	-
Timing differences	5 078	6 934	251	480
	5 963	8 154	251	480
Deferred tax liabilities				
Provisions	733	1 218	-	-
Timing differences	218	119	-	-
	951	1 337	0	0
Deferred tax assets/liabilities, net	5 012	6 817	251	480
The deferred tax liability arising from revaluation has not been taken into account. If realized, the tax effect of revaluation would be EUR 1 653.6 thousand at the current tax rate.				
12. Shareholders' equity				
The parent company's shares are divided into series, with 3,415,785 series K shares (20 votes/share) and 14,021,215 series A shares (1 vote/share). In accordance with the Company Articles, series K shares can be converted into series A shares through a procedure defined in detail in the Company Articles.				
Share capital				
Series A Jan.1	5 822	5 801	5 822	5 801
Converted from series K to A	-	4	-	4
Share issues	76	16	76	16
Series A Dec.31.	5 897	5 822	5 897	5 822
Series K Jan.1	1 435	1 440	1 435	1 440
Converted from series K to A	-	-4	-	-4
Share capital Dec. 31	7 332	7 257	7 332	7 257
Share premium fund Jan.1	4 988	4 599	4 988	4 599
Share issues	1 863	389	1 863	389
Share premium fund Dec. 31	6 851	4 988	6 851	4 988
Reserve fund Jan.1	118	124	-	-
Translation difference	-6	-6	-	-
Reserve fund Dec. 31.	112	118	0	0
Profit from previous years Jan. 1	125 487	115 391	102 614	88 719
Dividends paid	-9 491	-11 586	-9 491	-11 586
Translation difference	-5 023	792	-	-
Profit from previous years Dec. 31	110 973	104 597	93 123	77 133
Profit for the financial year	13 239	20 890	16 685	25 481
Total equity	138 506	137 850	123 991	114 859

(t€)	GROUP		PARENT COMPANY	
	2002	2001	2002	2001
Distributable equity				
Accumulated profit funds Dec. 31	110 973	104 597	93 123	77 133
Profit for the financial year	13 239	20 890	16 685	25 481
Accumulated provisions included in accumulated profit	-1 794	-2 983	-	-
Distributable profit funds Dec. 31.	122 417	122 504	109 808	102 614
Accumulated provisions				
Accumulated depreciation difference				
Intangible rights	123	269	123	269
Buildings	3 116	3 336	3 116	3 336
Machinery and equipment	-711	596	-711	596
Total accumulated depreciation difference	2 527	4 201	2 527	4 201
Deferred tax liability on accumulated provisions	-733	-1 218		
Accumulated provisions included in profit funds	1 794	2 983		
13. Obligatory provisions				
Quality expense reserve	391	838	337	838
Pension reserve	394	421	421	421
Other reserve	274	520	74	321
Total obligatory provisions	1 059	1 779	832	1 579
14. Non-current liabilities				
Liabilities maturing within five years or more				
Other non-current liabilities	67	619	67	619
15. Accrued expenses and deferred income				
Wages, salaries and wage-related liabilities	9 012	7 131	4 600	4 110
Tax liabilities	1 025	1 963	-	360
Other accrued expenses and deferred income	3 594	5 163	777	869
	13 631	14 256	5 376	5 339
16. Receivables and liabilities from other companies in the Vaisala Group				
Non-current loan receivables			6 866	9 531
Current loan receivables			2 135	2 497
Trade receivables			16 446	13 942
Prepaid expenses and accrued income			231	412
Total receivables			25 678	26 382
Trade payables			728	735
Accrued expenses and deferred income			60	338
Total liabilities			788	1 072

(t€)	GROUP		PARENT COMPANY	
	2002	2001	2002	2001
17. Contingent liabilities and pledges given				
For own loans/commitments				
Guarantees	10 877	6 360	8 878	4 889
For Group companies				
Guarantees	–	–	4 729	6 348
Other own liabilities				
Pledges given	34	35	34	35
Leasing liabilities				
Payable during the financial year	2 487	3 320	673	968
Payable later	4 352	3 818	877	960
	6 839	7 137	1 549	1 928
Total contingent liabilities and pledges given	17 750	13 532	15 190	13 199
Derivative contracts				
Capital of off-balance sheet contracts made to hedge against exchange rate and interest risks				
Currency forwards	12 116	14 745	12 116	14 745
Total capital	12 116	14 745	12 116	14 745

Distribution of profits and auditors' report

Proposals of the Board of Directors to the Annual General Meeting

The Board of Directors proposes that the accounts for the financial year January 1, 2002 to December 31, 2002 be adopted by the Annual General Meeting in the form presented by the Board. The Group's distributable funds total EUR 122,417 thousand and the parent company's distributable funds EUR 109,807,516.67. The Board of Directors proposes that a dividend of EUR 0.55 per share, corresponding to a total of EUR 9,590,350 be paid for the financial year January 1, 2002 to December 31, 2002.

Vantaa, February 14, 2003

Raimo Voipio
Chairman

Pekka Hautojärvi

Mikko Niinivaara

Yrjö Neuvo

Mikko Voipio

Gerhard Wendt

Pekka Ketonen
President and CEO

To the shareholders of Vaisala Oyj

We have audited the accounting, financial statements and corporate governance of Vaisala Oyj for the financial year January 1 to December 31, 2002. The financial statements prepared by the Board of Directors and the Chief Executive Officer include a report on operations and an income statement, a balance sheet and notes to the accounts for both the Group and the parent company. Based on our audit, we express the following opinion on these financial statements and on corporate governance.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance on whether the financial statements are free on 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, as well as evaluating the overall financial statement presentation. The purpose of the audit of corporate governance is to ensure that the members of the Board of Directors and the Chief Executive Officer have legally complied with the provisions of the Companies Act.

In our opinion, the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations relevant to the preparation of financial statements, and give a true and fair view of Vaisala Oyj's and the Group's results and financial position. The financial statements can be approved and the members of the Board of Directors and the Chief Executive Officer of the parent company can be discharged from liability for the financial year audited by us. The proposal by the Board of Directors concerning the disposal of the distributable funds is in compliance with the Companies Act.

Vantaa, February 14, 2003

PricewaterhouseCoopers Oy

Authorized Public Accountants

Mikko Nieminen
Authorized Public Accountant

Jukka Ala-Mello
Authorized Public Accountant

Shares and shareholders, December 31, 2002

Share capital and shares

Vaisala has 17,437,000 shares. Of the total number of shares there are 3,415,785 Series K shares and 14,021,215 Series A shares. The book equivalent value of shares is 0.42 euro (not exact). Series K shares carry twenty (20) votes each at shareholders' meetings and Series A shares one (1) vote each. Both series entitle their holders to the same amount of dividend. During the financial year 180,000 Series A shares were registered by 45,000 warrants. Vaisala applies the insider rules of the Helsinki Stock Exchange.

Warrants

Vaisala has two stock option schemes. From the year 1997 scheme there are total of 7,500 warrants left. Each warrant entitles to subscribe four new Series A shares. The share subscription price is EUR 14.34 per share reduced by per share amount of dividends and the related avoiron fiscal paid out after the 17th of March, 1997. Subscription price on 31.12.2002 was EUR 10.77 per share. Share subscription can take place gradually between 1.12.1999–31.3.2003, the period for all warrants shall terminate on 31.3.2003. The 2000 option scheme entitles to subscribe a total of 896,000 Series A shares. Each warrant entitles its holder to subscribe for one A-share at the share subscription price of EUR 24.55 per share deducted by the amount of the cash dividend distributed after 1st of May, 2000. The subscription price on 31.12.2002 was EUR 23.33 per share. The subscription period will begin 1.12.2002 and 1.12.2004. The share subscription period will end for all warrants on 31 January 2006. The exercise of all warrants may result in a holding of 5.0% of all shares and 1.1% of all votes. The total book equivalent value of shares subscribed with warrants is EUR 388,920. 118,000 warrants are in the possession of the group companies

Management holdings

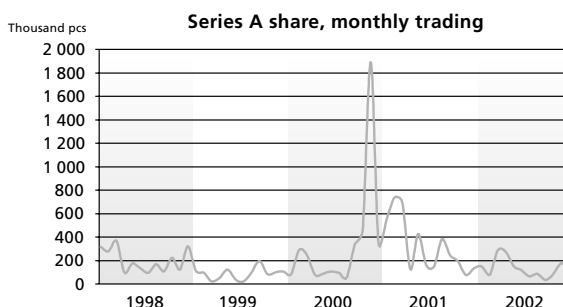
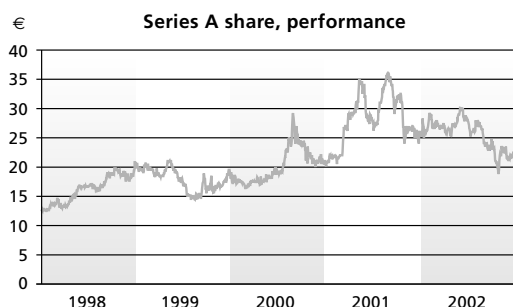
Vaisala Oyj's Board of Directors held and controlled 1,354,701 shares on December 31, 2002, accounting for 16.7% of total votes. The exercise of warrants may result in an increase of the holding of 0.4% of all shares and 0.1% of all votes.

Authorizations

At the end of 2002, the Board had no authorization to raise the share capital or issue convertible or warrant bonds. No authorization was granted to redeem the company's own shares. During 2002, the US Capital Group Companies Inc.'s ownership of Vaisala Oyj's share capital exceeded 5% and Sampo Plc's ownership of Vaisala Oyj's share capital fell below 5%.

Largest shareholders, Dec. 31, 2002

	% OF VOTES	% OF SERIES K SHARES	% OF SERIES A SHARES	% OF TOTAL SHARES
Finnish Academy of Science and Letters	22.0	25.7	3.6	7.9
Novamator Oy	12.2	13.3	7.3	8.5
Mikko Voipio	7.7	8.8	2.3	3.6
Anja Caspers	7.1	8.2	1.4	2.7
Raimo Voipio	5.8	6.6	1.8	2.8
Tauno Voipio	4.2	4.6	2.1	2.6
Henki-Sampo Insurance Company	4.1	4.0	4.2	4.2
Inkeri Voipio	2.7	0.0	15.6	12.5
Jaakko Väisälä estate	1.6	1.8	1.1	1.2
Ilmarinen Mutual Pension Insurance Company	1.4	0.0	8.4	6.8
Minna Luokkanen	1.3	1.5	0.1	0.4
Tuulikki Laasonen	1.2	1.5	0.0	0.3
Varma Sampo Mutual Pension Insurance Company	0.9	0.0	5.5	4.4
Nominee registered	3.2	0.0	18.5	14.9



Ownership structure by owner type, December 31, 2002

	NUMBER OF OWNERS	% OF VOTES	% OF SERIES K SHARES	% OF SERIES A SHARES	% OF TOTAL SHARES.
Companies	204	12.7	13.3	9.9	10.6
Financial and insurance institutions*	24	8.0	4.0	27.6	23.0
Municipalities	10	2.5	0.0	14.9	12.0
Non-profit organizations	51	22.1	25.7	4.6	8.7
Private individuals	3 284	47.5	48.7	41.4	42.9
Outside Finland	13	7.1	8.2	1.5	2.8
Not transferred to the book-entry system		0.0	0.0	0.1	0.1
Total	3 586	100.0	100.0	100.0	100.0

* including nominee registered

Ownership structure by shareholding, December 31, 2002

Number of shares	OWNERS	% OF OWNERS	% OF VOTES	% OF TOTAL SHARES	OWNERS OF K SHARES	% OF K SHARES	OWNERS OF A SHARES	% OF A SHARES
1-100	1 174	32.7	0.1	0.4	2	0.0	1 173	0.5
101-1 000	2 010	56.1	0.9	3.8	19	0.4	2 003	4.7
1 001-10 000	314	8.8	2.0	4.8	21	3.0	316	6.1
10 001-100 000	71	2.0	20.7	15.0	27	25.3	59	14.1
100 001-	17	0.5	76.2	75.9	7	71.3	15	74.4
Not transferred to the book-entry system			0.0	0.1	0.0	0.0	0.0	0.1
Total	3 586	100.0	100.0	100.0	76	100.0	3 566	100.0

Shares in figures

		2002	2001	2000	1999	1998
Earnings/share (EPS)	€	0.75	1.21	1.34	1.26	1.00
Earnings/share (EPS), calculated taking into account the dilution impact of the bond with warrants	€	0.75	1.19	1.32	1.24	0.99
Shareholders' equity/share	€	7.94	7.99	7.40	6.40	5.19
Dividend/share	€	*0.55	0.55	0.67	0.42	0.34
Dividend/earnings	%	**72.4	45.4	50.4	33.4	33.5
Effective dividend yield ***	%	2.4	2.0	2.3	2.2	1.9
Price/earnings (P/E)		30.5	22.6	22.1	15.4	17.6
A-share trading						
highest	€	30.30	36.25	31.50	20.00	21.28
lowest	€	18.81	23.80	18.50	15.50	14.30
weighted average	€	25.78	29.85	26.82	17.42	18.08
at balance sheet date	€	22.98	27.30	29.50	19.37	17.66
Market capitalisation at balance sheet date ***	M€	400.70	471.12	508.05	332.32	302.89
A-shares traded						
traded	pcs	1 607 165	3 860 888	4 048 077	1 035 372	2 384 780
% of entire series	%	11.5	27.9	29.3	7.5	17.4
Adjusted number of shares	pcs	17 351 471	17 242 655	17 194 211	17 152 000	17 152 000
A-shares	pcs	13 935 686	13 818 354	13 768 651	13 726 440	13 721 640
K-shares	pcs	3 415 785	3 424 301	3 425 560	3 425 560	3 430 360
Number of shares at Dec. 31	pcs	17 437 000	17 257 000	17 222 000	17 152 000	17 152 000

* Proposal by the Board of Directors

** Calculated according to the proposal by the Board of Directors

*** Value of A and K shares is here calculated to be equal

Five years in figures

(t€)	12/2002	12/2001	12/2000	12/1999	12/1998
Consolidated income statement					
Net sales	196 220	183 529	179 533	145 354	114 633
Other operating income	2 042	170	304	197	449
Costs	161 018	144 655	140 011	109 113	86 548
Depreciation	14 645	9 297	8 782	5 940	5 347
Operating profit	22 599	29 747	31 044	30 497	23 187
Net financing income/expenses	-1 117	896	2 608	1 313	891
Profit before extraordinary items, provisions and taxes	21 482	30 643	33 653	31 810	24 077
Extraordinary income and expenses	-	-	-	1 034	-
Profit before provisions and taxes	21 482	30 643	33 653	32 844	24 077
Change in provisions	-	-	-	-	704
Direct taxes	-8 414	-9 921	-10 686	-10 228	-7 048
Minority interest	171	168	-	-	-
Net profit for the year	13 239	20 890	22 967	22 616	17 732
(t€)	DEC. 31, 2002	DEC. 31, 2001	DEC. 31, 2000	DEC. 31, 1999	DEC. 31, 1998
Consolidated balance sheet					
Assets					
Fixed assets and other long-term investments	57 755	48 596	46 082	39 046	26 196
Inventories	23 027	21 382	18 848	14 983	10 581
Financial assets	94 181	100 904	100 407	88 061	73 073
	174 963	170 882	165 336	142 089	109 850
Shareholders' equity and liabilities					
Shareholders' equity	138 506	137 850	127 357	109 848	84 751
Minority interest	-	170	-	-	-
Provisions	-	-	-	-	6 005
Liabilities, total	36 457	32 862	37 980	32 241	19 094
Interest bearing	2 387	2 556	3 516	2 333	2 275
Non-interest bearing	34 071	30 307	34 463	29 908	16 819
Balance sheet total	174 963	170 882	165 336	142 089	109 850

Financial ratios

		2002	2001	2000	1999	1998
Net sales	M€	196.22	183.53	179.54	145.35	114.64
exports and international operations	%	96.3	96.2	96.2	96.0	94.0
Operating profit	M€	22.60	29.75	31.04	30.49	23.19
% of net sales	%	11.5	16.2	17.3	21.0	20.2
Profit before extraordinary items, provisions and taxes	M€	21.48	30.64	33.65	31.81	24.08
% of net sales	%	10.9	16.7	18.7	21.9	21.0
Profit before provisions and taxes	M€	21.48	30.64	33.65	32.84	24.08
% of net sales	%	10.9	16.7	18.7	22.6	21.0
Return on equity (ROE)	%	9.5	15.6	19.4	21.7	20.5
Return on investment (ROI)	%	15.4	22.9	28.2	31.4	27.7
Solvency ratio	%	83.9	82.9	78.2	78.6	82.1
Current ratio		3.6	4.3	3.7	3.7	4.9
Gross capital expenditure	M€	28.44	12.14	14.74	18.87	4.59
% of net sales	%	14.5	6.6	8.2	13.0	4.0
R&D expenditure on machinery and equipment	M€	0.48	1.13	0.76	0.50	1.01
R&D expenditure	M€	22.07	18.94	17.24	14.46	12.95
% of net sales	%	11.2	10.3	9.6	10.0	11.3
Orderbook on Dec. 31	M€	77.10	57.80	57.25	53.99	39.69
Average personnel		1 208	1 115	1 016	895	797

Calculation of financial ratios

Return on equity, ROE (%)	=	$\frac{\text{Profit before extraordinary items, provisions and taxes less taxes}}{\text{Shareholders' equity plus minority interest (average)}}$	x 100
Return on investment, ROI (%)	=	$\frac{\text{Profit before extraordinary items, provisions and taxes plus interest and financial expenses}}{\text{Balance sheet total less non-interest bearing liabilities (average)}}$	x 100
Solvency ratio, (%)	=	$\frac{\text{Shareholders' equity plus minority interest}}{\text{Balance sheet total less advance payments}}$	x 100
Current ratio	=	$\frac{\text{Current assets}}{\text{Current liabilities}}$	
Earnings / share, €	=	$\frac{\text{Profit before extraordinary items, provisions and taxes less taxes +/- minority interest}}{\text{Average number of shares, adjusted}}$	
Equity / share, €	=	$\frac{\text{Shareholders' equity}}{\text{Number of shares at balance sheet date, adjusted}}$	
Dividend / share, €	=	$\frac{\text{Dividend}}{\text{Number of shares at balance sheet date, adjusted}}$	
Dividend / earnings, (%)	=	$\frac{\text{Dividend}}{\text{Profit before extraordinary items, provisions and taxes less taxes +/- minority interest}}$	x 100
Effective dividend yield, (%)	=	$\frac{\text{Dividend / share}}{\text{Share price at balance sheet date}}$	x 100
Price / earnings, (P/E)	=	$\frac{\text{Share price at balance sheet date}}{\text{Earnings / share}}$	
Market capitalisation, M€	=	Share price at balance sheet date times number of shares	

Annual General Meeting

The Annual General Meeting of Vaisala Oyj will be held on Wednesday 19 March 2003, at 5 p.m. at the company's head office, Vanha Nurmijärventie 21, Vantaa, Finland.

The following items will be on the agenda in the Annual General Meeting:

- 1) the items specified in Article 13 of the Articles of Association,
- 2) the Board's proposal for re-approval of warrants granted in year 2000

The Annual General Meeting 2000 of Vaisala Oyj (9 March 2000) made a decision to issue warrants to the key personnel of the Vaisala Group and to a wholly-owned subsidiary of Vaisala Oyj. The decision of the Annual General Meeting on the warrants was registered in the Trade Register 22 March 2000. The full amount of warrants has been subscribed to according to the terms and conditions of the warrants. Because deficiencies have been found in the trade register entry of Vaisala Oyj's

warrants of year 2000, the Board of Directors proposes to the Annual General Meeting that it would decide that the decision of the Annual General Meeting 2000, dated 9 March 2000, would be effective despite deficient Trade Register entry.

Shareholders who are registered in the company's share register maintained by the Finnish Central Securities Depository Ltd by 7 March 2003 may attend the Annual General meeting. Shareholders whose shares have not been transferred to the book-entry securities system may also attend the Annual General Meeting provided that such shareholders were registered in the company's share register before 21 October 1994. In such cases, shareholders must present evidence that their shareholding rights have not been transferred to the book-entry securities system.

Documents relating to financial statements and the Board's proposals to the Annual General Meeting are available as copies for the shareholders to see at the company's head office in Vantaa, Vanha Nurmijärventie 21, for a week before the Annual General

Meeting. On request, copies will be sent to shareholders.

Shareholders wishing to attend the Annual General Meeting must notify the company no later than 4 p.m. on Monday 10 March 2003. Notification can be made either by letter addressed to Vaisala Oyj, Nina Andersin, P.O.Box 26, FIN-00421 Helsinki, Finland, by telefax to +358 9 8949 2206, by e-mail to nina.andersin@vaisala.com, or by telephone on weekdays between 9 and 12 a.m., tel. +358 9 8949 2201.

Letter authorizing a proxy to vote on behalf of a shareholder should be sent to the company before expiry of the notification.

Payment of dividend

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.55 per share be paid on the 2002 financial year. The record date for dividend payment is 24 March, and subject to approval of the board, the dividend will be paid on 31 March 2003. Shareholders cannot be paid a dividend until they have transferred their shares to the book entry securities system.

Financial reporting in 2003

Vaisala Oyj will publish three interim reports in 2003 in Finnish and English according to the following schedule:

Interim report 1 January – 31 March 2003	5 May 2003
Interim report 1 January – 30 June 2003	7 August 2003
Interim report 1 January – 31 September 2003	31 October 2003

Financial reports can be ordered from:

Vaisala Oyj, Corporate Communications, P.O.Box 26, FIN-00421 Helsinki, Finland
Tel. +358 9 8949 2744, Telefax +358 9 8949 2593, e-mail: info@vaisala.com

In addition to this Financial Statements 2002 brochure Vaisala has published an electronic annual report at www.vaisala.com/annualreport. The interim reports as well as other stock exchange releases and press releases are also available on the Vaisala website at www.vaisala.com.

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