

Annual Review 2005

Digitalized services in true partnership

TietoEnator ^{TE}

Building the Information Society

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Cover:

Ms Virpi Lintula, Designer, Government Services, Finland

“Our customers expect us to design solutions with them that precisely meet their business needs.”

Mr Pasi Nikkanen, Project Manager, Digital Innovations, Finland

“We support the company’s vertically specialized business areas through our expertise in digital self-services.”

TietoEnator also provides a printed Financial Review containing the official financial statements. The Financial Review 2005 is available on TietoEnator’s Internet pages, www.tietoenerator.com and it can be ordered by:

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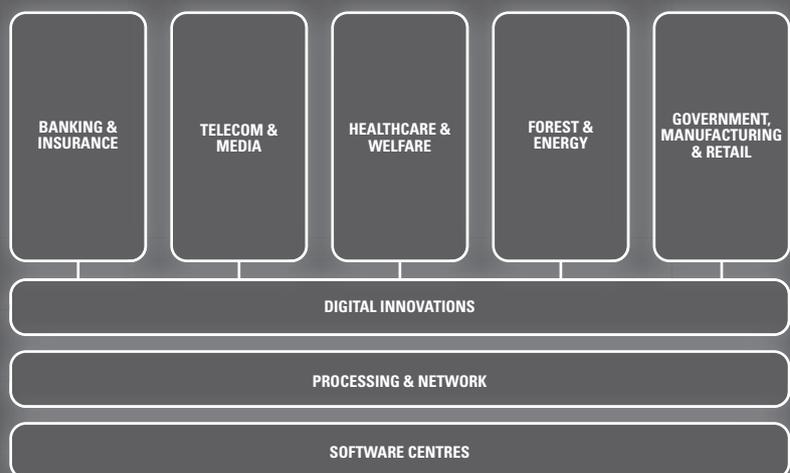
tel. +46 8 632 1400, fax +46 8 632 1420

TietoEnator is consulting, developing and hosting its customers' digital businesses

→ TietoEnator is among the leading architects in building a more efficient information society. With over 15 000 experts, we are one of the largest IT services providers in Europe.

→ Our leading-edge know-how is geared towards developing innovative IT solutions that realize and digitalize the visions of our customers. We work in close partnership helping them to manage and run their business better.

→ We've chosen to focus on areas where we have the deepest industry expertise. The principal ones globally are banking, telecom, healthcare and forest. In these areas, we work hand in hand with many of the world's leading companies and organizations. We are growing with them and are now active in more than 25 countries.



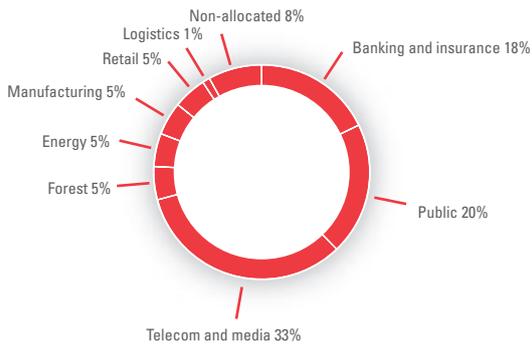
TietoEnator in 2005

- Digitalization of business processes strengthened as more and more sectors seek productivity gains through fully digitalized value chains and automatic business processes. Growth was fastest in TietoEnator's international businesses – telecommunications, banking and healthcare.
- Competition in the IT services sector intensified further. TietoEnator expanded its capabilities in low-cost countries to strengthen its competitive position in both the domestic and international marketplace.
- The telecom business continued to grow, especially in Central Europe. TietoEnator strengthened its market position through acquisitions in Latvia and Italy along with several significant agreements. Telecom responded to competition on prices by increasing its low-cost capacity in both the Czech Republic and Russia.
- In the banking sector TietoEnator broadened its international business scope with the acquisition of AttentiV Systems Group. AttentiV is a major provider of software solutions and associated services to the financial services sector in the UK.
- Healthcare expanded in Central Europe through both acquisitions and delivery agreements. One acquisition also gave Healthcare a software development unit in India.
- The forest business was challenging as customers still implemented cost-saving programmes.
- The energy business benefited from strong growth in this industry. Oil and gas companies especially are investing heavily in new systems.
- In processing and network services TietoEnator revised its operations by centralizing production machinery, harmonizing operations and starting to offer processing services from the service centre in Ostrava. The new focus resulted in several important new agreements during the year.

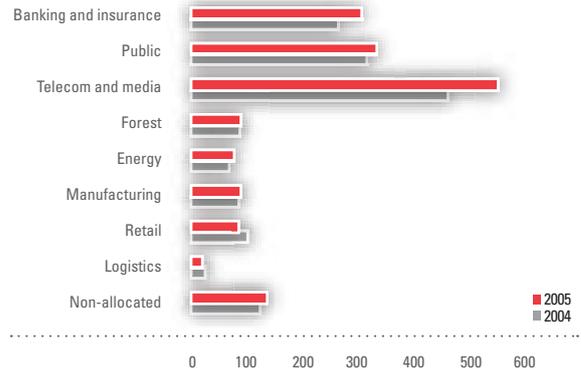
Key figures

	2005	2004
Net sales, MEUR	1 681.6	1 525.1
Operating profit before goodwill impairment and one-time capital gains, MEUR	164.4	167.8
Margin, %	9.8	11.0
Operating profit (EBIT), MEUR	183.3	162.7
Operating margin, %	10.9	10.7
Profit before taxes, MEUR	173.6	158.1
Earnings per share, EUR	1.75	2.71
Equity per share, EUR	6.60	6.49
Dividend per share, EUR	0.85	1.00
Investments, MEUR	270.3	166.4
Return on equity, %	27.3	45.9
Return on capital employed, %	29.7	32.6
Gearing %	42.0	6.1
Equity ratio, %	39.8	48.8
Personnel on average	14 236	12 527
Personnel on 31 Dec.	15 001	12 773

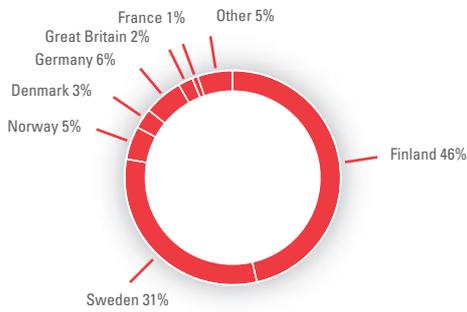
NET SALES BY INDUSTRY SEGMENT, 2005



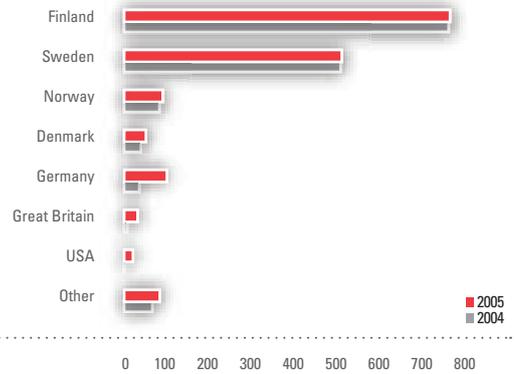
NET SALES BY INDUSTRY SEGMENT, EUR MILLION



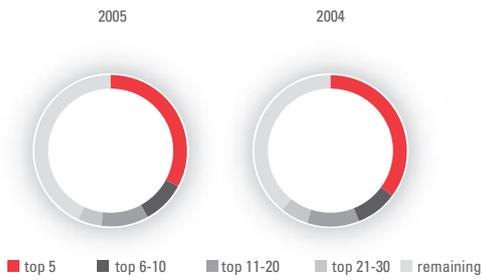
NET SALES BY COUNTRY, 2005



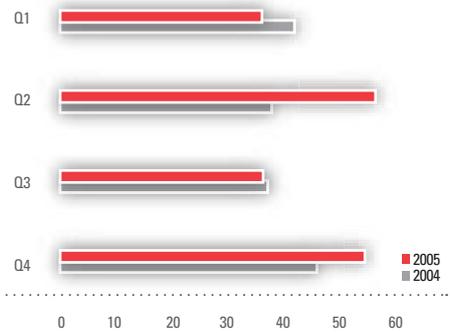
NET SALES BY COUNTRY, EUR MILLION



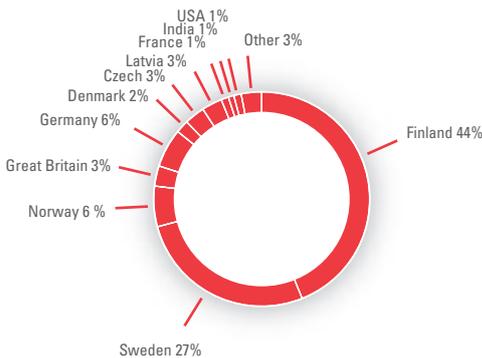
KEY CUSTOMERS' SHARE OF NET SALES, 2005



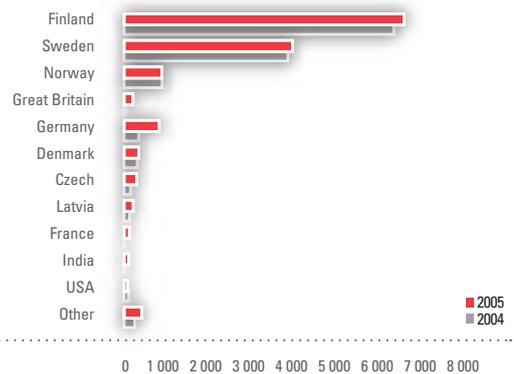
OPERATING PROFIT (EBIT) PER QUARTER, EUR MILLION



PERSONNEL BY COUNTRY, 2005



PERSONNEL BY COUNTRY



Matti Lehti, TietoEnator's long-standing President and CEO and member of the Board, stands down from his executive role to become Chairman of the Board at the beginning of 2006. His responsibilities as chief executive of the company have been taken up by Pentti Heikkinen, previously Chief Operating Officer and chairman of the Operative Management Team.

Systematic strategy implementation will continue

Matti Lehti and Pentti Heikkinen give their views below on the company's development so far. They also describe the opportunities and challenges the company will face in the future on its way to becoming one of the world's leading providers of high-value-added IT services in selected business sectors.

Matti Lehti, you became chief executive of TietoEnator, or Tietotehdas as it was known then, in 1989. What were the company's main challenges and goals at that time?

– The most important task was turning the company from loss into profit and, after that, raising the operating margin to over ten percent of net sales. We achieved this by reducing costs and concentrating resources on those businesses in which we considered the Group to have the best capabilities for success in the long-term. We exceeded our ten percent operating margin target in 1997.

How would you summarize the changes in the company and its business environment during your time as CEO?

– The most important for the company has been its growth and development into one of the leading European IT services providers. And, where the business environment is concerned, the shift from automatic data processing to global digital production and distribution.

Pentti Heikkinen, you have held top positions in several TietoEnator businesses, most recently as Chief Operating Officer for the past couple of years. What have been the most valuable lessons you have learnt from these responsibilities?

– For TietoEnator, a deep knowledge of its customers' businesses has been, and will continue to be, our main means of standing apart from our competitors. It is essential that we form a clear picture of the growth opportunities and limitations of our various businesses, and that we concentrate our growth investments on those areas where we can build a permanent competitive edge and international growth

path. It is equally important that we carry all TietoEnator employees along with us in pursuit of our strategy.

What know-how and capabilities do we need now as you assume the responsibilities of chief executive officer?

– We need the ability to correctly determine the worldwide growth priorities of importance to TietoEnator. We then need to concentrate enough resources and investments on these areas.

Matti Lehti, how will your perspective of developing the company change on becoming Chairman of the Board?

– In the future I will view matters even more than before from the perspective of our shareholders. That will mean giving priority to earnings per share, the correct allocation of resources and risk management.

During Matti Lehti's time at the helm TietoEnator has pursued its strategy systematically and with perseverance. How will this continue under the new CEO?

– PH: The main elements of our strategy, with its emphasis on specific customer businesses, will continue as before over the next few years. In the longer term, we will seek to sharpen our business priorities further and put our strategy into effect even faster.

How would you describe the most important trends in TietoEnator's business environment?

– ML: Digitalization will remain intense throughout society, which will mean rapid changes in IT services and further internationalization.

– PH: In the coming ten years we can expect to see radical changes in the service portfolios of data-intensive business sectors that can be digitalized, and also the processes required to produce these services. TietoEnator is helping its customers to exploit this trend and jump to an entirely new level of productivity.

The IT sector itself is undergoing profound evolution as the role of low-cost countries and operations grows. This trend makes it possible to improve cost structures, but it also presents challenges for euro-denominated growth in our business.

What challenges will these trends pose for TietoEnator?

– ML and PH: TietoEnator's biggest challenges are to rapidly raise productivity and to be successful over its competitors in all geographical areas. We will achieve an unrivalled service portfolio and competitive strength through a unique combination of innovation and automation processes.

What are TietoEnator's main development priorities at the moment?

– PH: During the past couple of years we have built the platform for a new, globally competitive TietoEnator. We are currently carrying out a large number of development projects that will generate added value for our customers. These relate, for example, to new products and services, digital self-service and building an end-to-end service chain.

The other side of our development programme is focusing on raising TietoEnator's productivity through means such as global sourcing, centralization of processing and network services, and more efficient purchasing.

This action, coupled with stricter choice of international growth priorities and competence development, will enable us to advance systematically towards our strategy goals. Our new structure is tailored specifically with these goals in mind.

How do you see TietoEnator in 10 years time?

– ML ja PH: TietoEnator will be a leading global provider of high-added-value IT services and a larger, more international and more profitable company.

Matti Lehti, what are your thoughts as you move from CEO to Chairman of the Board?

– Very few companies indeed are in a position to build an entirely new digital society, with top professionals and customers who are world leaders in their businesses. It has been a privilege to be part of this effort. I would like to take this opportunity to extend my heartfelt thanks to both our customers and my colleagues for all these seventeen years.



Matti Lehti and Pentti Heikkinen

Pentti Heikkinen, what message do you have for TietoEnator's stakeholders as the company's new CEO?

– In the next few years TietoEnator will be offering radically new digital innovations that will help its customers improve their businesses and productivity. We are in an outstanding position to grow in our focus areas into a leading global company, and to further deepen our IT and R&D partnerships with our customers. We stand at the cutting edge of digital development and global sourcing, which will safeguard our ability to grow and raise profitability continuously. We are witnessing an extremely interesting stage in our development and I wish to welcome our customers, employees and investors to join us on this exciting journey.

Architect and operator of the digital economy

Guiding principles & strategy





TietoEnator is positioning itself against the global competition in segments of the market where it can grow and maintain a sustainable competitive edge. The Company's global competitiveness will be based on the combination of the deepest vertical expertise, efficient low-cost production machinery, a synergetic service offering and group efficiency programmes.

“

I'm very motivated with my work that allows me to keep abreast with current trends in the industry and enhance my current knowledge and skills. There are also many opportunities for career development in TietoEnator.”

Mr Paul Douglas, Support Consultant, Financial Solutions, United Kingdom

“My work for TietoEnator provides me with new challenges every day, and I feel I am making a positive difference to the employees' work life.”

Ms Beckie Deller, HR Co-ordinator, Financial Solutions, United Kingdom

Mission

Building the Information Society

TietoEnator’s definition for the information society, or synonymously the digital economy, is an economy where a major part of all products and services is produced, distributed and consumed in a digital form over data networks. The company is fulfilling its mission by consulting, developing and hosting the digital businesses of its customers. TietoEnator’s existing strategic framework is presented in the Guiding Principles.

Vision

The world’s leading provider of high-value-added IT services in selected vertical markets

Leading in TietoEnator’s thinking means leadership in customer proximity, market share per customer or per solutions area, and profitability. Leadership will be created by combining world-class customer proximity and vertical expertise with high-quality vertical services and solutions complemented by operational excellence.

Objectives

Growth, profit, preferred employer

TietoEnator’s long-term targets are:

- Top line growth of 20%
- Operating profit margin (EBIT) to exceed 13%
- Each business area to create shareholder value
- The employer preferred by IT professionals

Profile and values

Customer benefit and personal growth

TietoEnator profiles itself as a highly professional European IT services company with a strong Nordic background. Its values are customer benefit and personal growth. All the company’s work reflects a strong commitment to creating added value for its customers while providing its own people with continuous opportunities to grow and develop as individuals and team members.

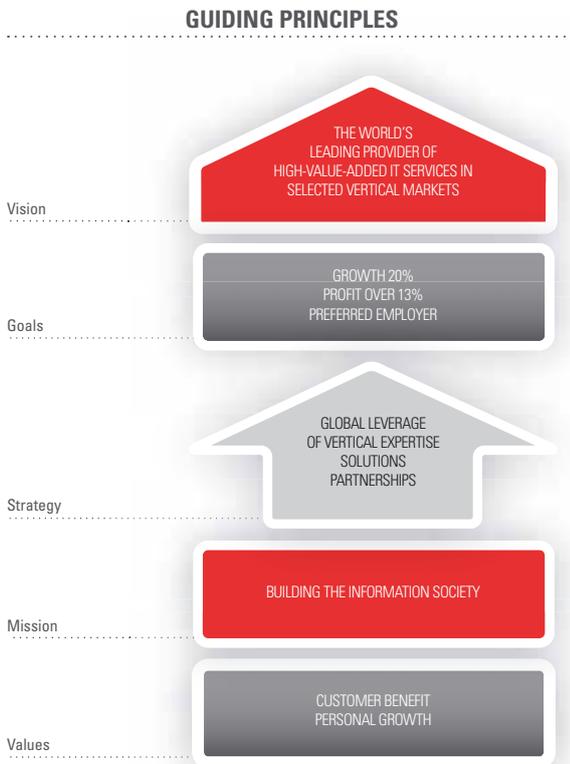
Business environment

The most dramatic changes in TietoEnator’s environment and the strongest drivers of demand for IT services are connected with the transition to the information society. We are moving towards a society in which data-intensive products and services will be produced, distributed and consumed electronically via information networks. The production and distribution of physical products, likewise, is already controlled for the most part via networks, and in the future these will form the basic infrastructure for all core and support processes that can be digitalized. Production and consumption are shifting from physical to electronic networks because the latter enable customers to receive their products and services faster, more economically, more securely and with less load on the environment.

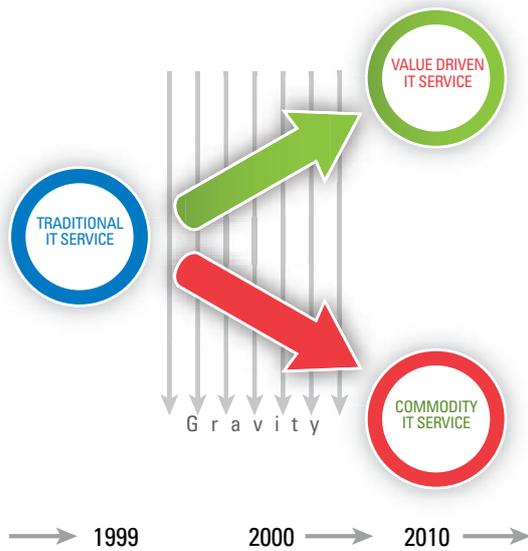
Software and services are being developed on a large scale both for servers and for terminals. When products and services become digital, product development will be digitalized as well. Development of R&D-related systems is a growing sector in systems engineering and integration.

Other major external processes that affect TietoEnator’s work include economic integration, consolidation of its customers’ and own industries, increasing global competition, IT–Telecom–Media convergence and growing offshore production. A combination of onsite and offshore production will be a part of the service offerings of all major IT service providers.

The ICT service industry is becoming mature, which is reflected in its general development. Market growth during this decade has been significantly lower than during the previous ten years.



ICT SERVICE INDUSTRY BUSINESS ENVIRONMENT



ICT service industry business environment

The market development has strategic implications for TietoEnator. Traditional IT services will polarize to value-driven IT services and commodity IT services. Value-driven IT services consist of immature growth areas including management consulting related to transformation execution, and outsourcing with contractual effect-guarantees. In this area, TietoEnator’s target is to develop new revenue-generating digitalized services in true partnership with its customers. Commodity IT services consist of rapidly maturing and consolidating areas covering application and operation management, standalone outsourcing and non-core business process outsourcing.

As a consequence of these trends TietoEnator will reshape its traditional business model. A part of its current business is commoditizing and there is a need to climb up and reshape the value chain and potentially divest or exit some of the lowest-value-added businesses. This also means a continuous pressure to create new high-value-added services while simultaneously streamlining the company’s cost structure.

Competition and competitors

TietoEnator’s main competitive challenges are to successfully meet the increasing global competition and to grow profitably in the global marketplace. The company can meet these challenges with focus and differentiation.

TietoEnator’s main competitors are the leading global IT services providers in the Western world as well as those low-cost players that focus on higher-value-added services with an emphasis on the same vertical sectors in which TietoEnator is present.

TietoEnator’s competitors can be classified into

- International service players
- Horizontal software product companies
- Vertically focused solution companies
- R&D services orientated companies

Strategy and execution

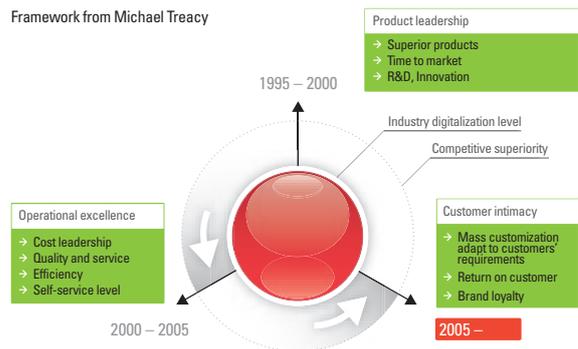
TietoEnator is positioning itself against the global competition in segments of the market where it can grow and maintain a sustainable competitive edge. In order to achieve this, TietoEnator needs to move higher up in the value chain and differentiate from its competitors simultaneously. The changes in the market environment call for a sharper focus in the service offering and stronger synergies between the business areas.

TietoEnator’s new global competitiveness will be based on a combination of

- deepest vertical expertise represented by TietoEnator’s business units
- efficient low-cost production facilities
- synergetic service offering and
- Group efficiency programmes.

TietoEnator’s competitive positioning can be described by Treacy’s model. TietoEnator wants to be the world’s leading IT service company in customer intimacy and above the industry average in solutions and operational excellence. Leverage momentum will be gained by taking over the benefits of fully digitalized value chains.

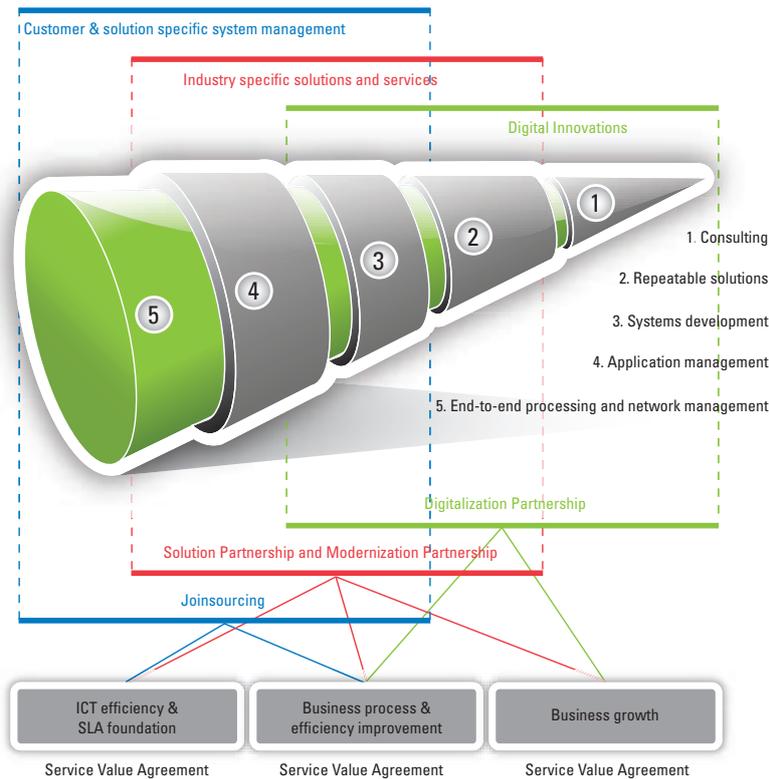
**COMPETITIVE STRATEGY
Digital Development Focus**



Long-term mindset

In the long-term mindset, TietoEnator’s strategic priorities in service and business development are based on sustainable competitive edge criteria and a realistic recognizable roadmap to meet the targets. These criteria are also used when deciding on investment allocation and divestments.

END-TO-END VALUE OFFERINGS



The outcome can be expressed as a seamless digital value chain of solutions and partnership services of an all-digital TietoEnator.

TietoEnator is able to cover the digital value chain of selected vertical sectors from end to end and to deliver the highest possible value to its customers by a unique combination of high-value-added vertical solutions and partnership services.

TietoEnator provides the full range of services to regional verticals in home markets. Geographical growth investments are allocated according to the following areas: Banking and Telecom, Healthcare, Utilities, Forest, and Digital Innovations. An investment can be an acquisition, solutions development, value-driven business model, process development or allocating a stronger sales force to a targeted customer.

Human Resources strategy

In order to successfully execute its strategy, TietoEnator will continue the systematic management planning started in 2004. The practical process is the Corporate Management Team’s HR roundtable, which meets 4-6 times a year. Its target is to identify the main management capability gaps, systematically

plan management rotation, develop best talents and update the list of potential candidates for different management positions.

Focus areas in 2006

- Improve organic growth.
- Improve profit.
- Speed up strategy implementation.
- Implement differentiated management agendas in business areas:
 - have the right people in the right positions.
 - align the organization to support the agenda.
 - continue acquisitions that support the strategy implementation.
- Return Processing & Network to growth and restore its profitability.
- Speed up global sourcing to 2000 persons by the end of 2006.
- Establish Digital Innovations in the Nordic countries and in Germany.
- Energize the organization by management rotation.

Group Review 2005

Growth on a broader front

After the first year of gradual recovery in the European IT services market, 2005 marked a strengthening of this positive development and expansion into several new customer industries. Efficiency and 'getting more for less' are still the main themes in the industry. However, investing in information technology to create entirely new ways to improve efficiency is becoming an attractive option, as are investments supporting new product introductions and time-to-market. Fully digitalized value chains and fully automatic business processes have started to emerge in several industry segments. These new applications of technology are going to provide the next productivity leaps that information technology can offer to business and society as a whole.

The IT services industry itself is also undergoing major evolution as traditional IT services are maturing and being commoditized. This area is the most competitive and is experiencing increasing penetration by low-cost service providers. Growth in the mature parts of the business will be restrained by competition and price pressure. However, there are also services which create a totally new level of value for customers. These are related to transformational projects (like major core system renewals) and the development of new revenue-generating digitalized services (such as building new services based on self-service concepts).

Typical expectations for IT services growth in the Nordic countries in the years ahead are in the range of 5–7%. Growth expectations have slightly declined during the past year, most likely because the volume growth has not resulted in expected price increases. IDC (IDC, November 2005) expects annual average growth to total 5.2% in Finland and 4.9% in Sweden in 2005–2009. Pierre Audoin Consultants (PAC 11/2005) forecast that the external Nordic software and IT services market will grow 7.0% annually in 2005–2009 with outsourcing experiencing the highest annual growth, 9.2%.

The most important production factor in IT services is labour. Personnel-related expenses are clearly the biggest cost item for the industry and thus salary growth, labour mobility and the availability of a competent workforce are all critical factors for success and profitability. The favourable labour market provided support for the industry during the early re-

covery phase. In 2005 there was a clear increase in labour mobility or personnel turnover in the companies operating in the sector. Despite increased activity the labour market in general continues to be favourable. In some specific expertise areas shortages of qualified employees are emerging. Overall wage inflation is moderate and the perceivable increase in the use of low-cost resources is limiting wage inflation.

In 2005 salaries in the IT services sector increased generally by around 3% in Finland and 2.5% in Sweden. Based on the collateral agreements in Finland and Sweden salaries are expected to rise by around 2–3% in 2006.

Swedish market share clearly higher

TietoEnator enjoys a market-leading position in the Nordic countries. IDC estimates TietoEnator's market share in IT services as a whole at the end of 2004 to be 28% in Finland (31% in 2003) and 8% (6%) in Sweden (IDC, 2005).

The slight decrease in the Finnish market share has taken place entirely in outsourcing services, where TietoEnator had a challenging year due to new contracts in 2004. IBM and HP have increased their share in this business. In project services, where TietoEnator's position is even stronger, market share was maintained and none of the other biggest vendors was able to increase their share significantly.

In Sweden TietoEnator's market share improved in project services where the company was able to increase its share from 9% to 15% and became the number one player in this market. Also in Sweden IBM and HP improved their position as well, but once again in outsourcing services.

The market share information shows the evident difference between the Finnish and Swedish IT service markets: Finland is a highly concentrated market with the top five suppliers accounting for the bulk of total market share, whereas in Sweden even the biggest players have achieved only moderate market shares.

Pierre Audoin ranks TietoEnator the second biggest software and services supplier in the Nordic countries as a whole after IBM. Of the vertical sectors in public and telecom & utilities, however, TietoEnator is the highest ranked supplier followed by IBM. (PAC, 2005).

Competition in IT services is intense. From TietoEnator's perspective competitors can be very different depending on industry, type of service and geography. TietoEnator's competitors can be divided into four different groups: large international service providers including offshore companies, horizontal software product companies, vertically focused solution companies, and R&D services companies. The competitors most often faced are the international IT services providers, for example Accenture, Capgemini, HP and IBM, each with its own strengths and weaknesses.

Regarding prices, development is still very uneven. In many areas price pressures have to some extent eased and a small price increase might be attainable in 2006. However, infrastructure outsourcing services are always facing an environment of declining prices and here no change is expected. Similarly, those customers driving strict cost-saving programmes continue to put pressure on prices. Hence suppliers wishing to continue to deliver continued price efficiency need to adjust the costs of providing their services. For TietoEnator this is the case in the telecom sector, where an increasing share of its services is delivered from low-cost areas.

Vendor consolidation continued in the industry in 2005. The transactions continue to be either local or regional, to expand scale in the home market or neighbouring countries where the vendor's presence is not strong enough. Despite the consolidation that has taken place already, IT services continues to be a rather fragmented industry, which indicates that there is room for further consolidation in the years ahead.

Organic growth in all vertical businesses

In 2005 TietoEnator started to see organic growth in all of its vertical businesses. This is a clear change compared with 2004, when organic growth came only from telecom and healthcare while several areas were still contracting. The biggest change took place in banking, manufacturing and energy. TietoEnator's horizontal infrastructure outsourcing business had a challenging year in 2005. Its net sales were on a declining trend due mainly to the weak flow of contracts in 2004.

In the banking sector TietoEnator's partnership customers are still focusing on efficiency improvement. A gradual but slow shift is evident towards investments in business development. There is constant price pressure in partnership services. The solutions business has returned to growth with customers showing most interest in corporate cash management, and card and payment solutions. Demand for

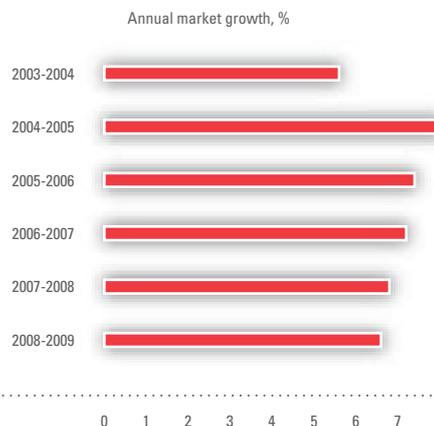
partnership services in the pension insurance sector in Finland continues to be high.

AttentiV became a part of TietoEnator

In April TietoEnator made an offer for the UK AttentiV Systems Group, whose shares were listed on the London AIM (Alternative Investment Market). The acquisition process was completed in late June and AttentiV was consequently de-listed. AttentiV is an experienced provider of software solutions and associated services to the financial services sector in the UK and employed around 330 people at the end of September. AttentiV's integration into TietoEnator has progressed well. The integration of the administration and business infrastructure is already complete. Business integration is ongoing. In 2006 the focus will be on introducing the TietoEnator brand and launching new services and products on the UK market, along with integrated customer management and common processes.

In the insurance sector TietoEnator has won several new contracts. The Tietollmarinen joint venture with 140 employees started operations at the beginning of the year. In February TietoEnator closed a partnership contract with TrygVesta, the purpose of which is to transform TrygVesta's IT architecture from a country-based structure to a new Nordic service-orientated architecture. In March TietoEnator and the insurance company If made a Nordic outsourcing contract covering server management operations and end-user services. TietoEnator's contracts for processing services with Sampo were renewed for a period of five years in June. Additionally, TietoEnator and the owners of Esy Oy, a Finnish supplier of employee pension IT services, set up a joint venture in which TietoEnator holds 80%. The joint venture

NORDIC SOFTWARE AND IT SERVICES MARKET



Source: Pierre Audoin Consultants, 2005

started operations at the beginning of 2006. Esy employs around 180 people.

In December TietoEnator and OMX, the Northern European securities market operator and technology provider, signed a Memorandum of Understanding on setting up a joint venture to produce IT solutions and services for banks and brokerage firms in Northern Europe. TietoEnator is envisaged to become the majority owner of this joint venture, which is planned to employ over 200 people.

Growth in the telecom sector

Growth has continued in the telecom sector despite constant price pressure. To combat the price pressure TietoEnator is accelerating its usage of low-cost resources. TietoEnator's low-cost capacity increase for telecom operations, both at its own site in Ostrava, Czech Republic, and with the Russian strategic sourcing partner Mera has progressed successfully.

The acquisition of S.E.S.A. Group was completed in January, increasing TietoEnator's personnel by around 480 employees in Germany and by 120 in France. In March TietoEnator and TeliaSonera Finland agreed on the transfer of certain software development and service production activities to TietoEnator; 101 of TeliaSonera's employees moved to TietoEnator. In June TietoEnator announced an agreement to take over the administration of all TeliaSonera's billing systems for fixed telephony, mobile telephony and internet connections in Sweden.

In August TietoEnator agreed to acquire 51% of SIA IT Alise in Latvia. IT Alise was the largest independent IT professional services company in Latvia and has strong relations with the telecom operators. The staff of around 200 increased TietoEnator's low-

cost capacity further. The acquisition was completed in early October. In November TietoEnator became a majority owner of Italian Comnet, which mainly provides technical administration and development of systems for telecom operators. Comnet employs around 160 people.

In the Nordic government sector business growth has been moderate and pricing continues to be competitive. For TietoEnator the highest growth markets have been Finland and Denmark.

In November the City of Stockholm chose TietoEnator as its total supplier of IT and telephony services. Together with its subcontractors TietoEnator will provide system operation, system administration and helpdesk services as well as fixed telephony, mobile telephony, IP-based telephony, and operator and other telephony services for a maximum of eight years.

Joint venture with Saab in Finland

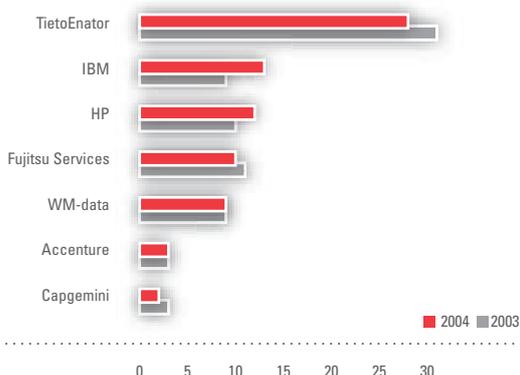
In November TietoEnator and the Swedish defence company Saab announced their plan to set up a joint venture in the command and control area in Finland combining TietoEnator's current defence business and Saab's Finnish subsidiary. TietoEnator will own 60% of the joint venture, which is expected to start operating in the first quarter of 2006.

In Finland and Norway the healthcare sector is looking for regional, or in some areas even national, solutions to modernize healthcare IT systems. TietoEnator is clearly benefiting from this development. In Sweden the market structure is more fragmented and market growth is lagging behind the other Nordic countries.

The acquisition of the German ITB, a healthcare information systems specialist, was closed in January.

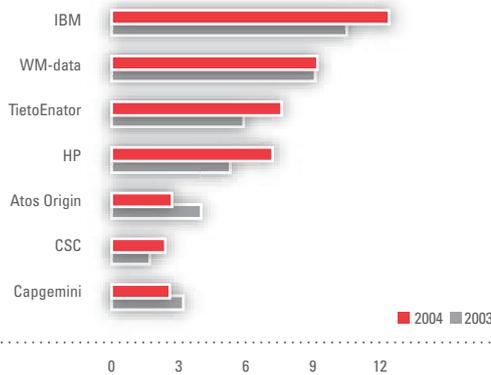
FINNISH MARKET FOR IT SERVICES

Top 7 vendor market shares, %



SWEDISH MARKET FOR IT SERVICES

Top 7 vendor market shares, %



Source: IDC, 2005

The ITB Group brought to TietoEnator around 50 people in Germany and 120 software developers in India. During the year TietoEnator acquired two more companies in the healthcare area: Swedish Zeit and German Waldbrenner.

The energy sector is investing

TietoEnator's energy business is benefiting from the strong growth in this industry. Oil and gas companies especially are investing heavily in new systems. The Nordic electricity business also continued to perform well. In December E.ON in Sweden selected TietoEnator as its prime contractor for automatic meter reading services. The delivery consists of a two-year project to build the infrastructure for 141 000 E.ON customers in southern Sweden, followed by continuous operation management service for three years.

TietoEnator's forest sector business is challenging as customers are still implementing heavy cost-saving programmes. TietoEnator closed two smaller acquisitions in the forest sector in late March: Pentec Ltd, a provider of IT solutions for the paper and corrugated board industry in the UK, and CSC Austria's ERP business for the pulp and paper industry. In total these acquisitions added over 120 employees to TietoEnator's forest business, which now employs around 800 people.

The retail business is rather stable. The manufacturing segment is growing strongly as customers' financial performance is good and investments are back at normal levels. An agreement on TietoEnator expanding its IT infrastructure services to Saab was concluded in November. TietoEnator will gradually increase the number of Saab end-users it serves from the 6000 (out of a total of 12 000 at Saab) served today.

Competitive infrastructure market

The processing and network services market continues to be active. For customers cost-cutting is often the most important reason for outsourcing, but service quality, security and customer intimacy are increasing in importance. Competition in the area remains aggressive. All vendors need to make radical adjustments to be able to maintain profitability.

TietoEnator's Processing & Network business area is undergoing a substantial strategic change to adjust its service offering and cost base to the competitive environment. In April the business area announced a consolidation process to centralize production machinery mainly in Helsinki and to start the delivery of some services from the low-cost site in Ostrava. At the end of September all of the current mainframe production was consolidated in Helsinki

and the centralization of the other infrastructure is ongoing. In 2005 TietoEnator was able to close several important renewals and extensions in the infrastructure outsourcing area based on the new centralized service concept. Contracts with Sampo (including the insurance company If), the City of Stockholm, Samlink in Finland and Saab are all crucial for the future performance of TietoEnator's Processing & Network business area.

At the beginning of 2006 Digital Innovations, TietoEnator's centre for digitalized self-services, was strengthened with the addition of the Group's business process and information integration services and new-generation voice applications. The new Digital Innovations employs around 600 people and offers a leading portfolio of services for networked business operations in Europe.

Personec Group, which is 50%-owned by TietoEnator, operates in two different areas. Personec is in the human resources management business, while Economa focuses on financial management software. Personec Group made three small acquisitions in early 2005: Economa acquired Uppercase, an Axapta consultant, in Sweden, and Personec acquired the SAP HR consultation business from TietoEnator's Production & Logistics business area and IFS's payroll solution business. In December Personec acquired Manpower's Swedish subsidiary providing payroll and human resources outsourcing services. The company employs 178 people.

Low-cost capacity scaled up

Telecom is driving the low-cost development and the rest of the verticals are following. The company continued to scale up its low-cost sites in the Czech Republic, the Baltic countries, India, Malaysia and China. TietoEnator also started extensive co-operation with a Russian strategic sourcing partner, Mera, in the telecom R&D area. TietoEnator sees that in the long term global sourcing will become a permanent part of the industry and that all organizations will need to adjust their IT sourcing strategies to take account of global sourcing. Sourcing development globally includes several management and communication challenges and thus many end-user organizations are choosing to work with vendors that offer a global sourcing option rather than establishing direct sourcing networks.

TietoEnator has chosen a customer-centric approach to global sourcing. TietoEnator's local customer teams manage the software development process and the customer relationship as a whole. The customer teams are supported by global production teams, which makes it possible to offer custom-

ers cost-efficient services. During 2005 TietoEnator more than doubled its number of employees in low-cost countries to around 1 200 at the end of 2005. The development of the sites is based on the principles of minimizing the number of sites, giving dedicated global responsibilities to each site, and avoiding overheating regions in the target countries. The sites and their responsibilities are now as follows:

1. Ostrava, Czech
 - Information systems/information technology services
 - Solutions development for most of TietoEnator's solutions products
 - Processing and network services
2. Pune, India
 - Healthcare solutions development
3. Riga, Latvia
 - Card management systems
 - Oracle ERP competence centre
4. Kuala Lumpur, Malaysia
 - Energy components development
5. Nizhny Novgorod, Russia (sourcing partner)
 - Telecom R&D
6. Vilnius, Lithuania
 - SAP, Navision and Axapta competences
7. Beijing, China
 - Terminal R&D development

The volume of low-cost resources will continue to increase for several years as their utilization becomes more customary in the Nordic countries and in other industries besides telecom. TietoEnator plans to increase the number of employees in low-cost areas to over 2000 by the end of 2006.

Comparable earnings per share improved

Net sales grew 10% to EUR 1 681.6 (1 525.1) million in 2005. Organic growth was 1.4%. The highest growth took place in the telecom and media customer segment, 20%. Banking and insurance grew 16%, public sector 6%. Growth in Finland was 0% and in Sweden 1%. Norway grew by 9%. In 2005 Finland accounted for 46%, Sweden for 31% and Norway for 5% of net sales.

Operating profit (EBIT) before capital gains and impairment losses amounted to EUR 164.4 (167.8) million. Including capital gains and impairment losses operating profit (EBIT) totalled EUR 183.3 (162.7) million. Operating margin (EBIT) before capital gains reached 9.8% (11.0).

Earnings per share totalled EUR 1.75 (2.71). Before capital gains, goodwill impairment, stock option expenses, amortization on acquired intangible assets and one-time deferred tax income EPS improved to EUR 1.66 (1.42).

Strong shareholder remuneration in a year of high investments

TietoEnator made several rather sizable acquisitions in 2005 to strengthen its key vertical businesses, mostly telecom and banking. In total EUR 192.0 (109.3) million was invested in acquisitions during 2005. Despite the high investment activity, shareholder remuneration stayed at very high level. This was partly a result of action taken to reach the 40% gearing target of the company. In April TietoEnator paid an exceptionally high dividend of EUR 1.00 per share, or a total of EUR 79 million. In the autumn of 2005 TietoEnator used another EUR 80 million for share repurchases. In total the company then used EUR 159 million for shareholder remuneration in 2005, which does not fall much behind the record year 2004 when EUR 177 million was used for dividends and share repurchases.



”

There is more than enough interest and challenge in my work as we are aiming to achieve a strong local presence for TietoEnator combined with broad and diverse international expertise.”

Ms Katriina Joki, Senior Vice President, Financial Solutions, Finland.

“In Digital Innovations I have the privilege of working alongside the best experts in the business, and in an international environment.”

Mr Juha Eteläniemi, Consultant, Digital Innovations, Finland.

Review of business operations

Reorganization to meet internationalization and growth targets

Among the organizational changes that took effect at the beginning of 2006 TietoEnator restructured its customer-specific business areas to better fulfil their business and growth targets. Four of these five business areas – Banking, Telecom, Healthcare, and Forest & Energy – have all been set high international growth targets. Forest & Energy was previously part of the Production & Logistics business area.

Within the fifth customer-specific business area,

Production & Logistics, the two remaining businesses – Manufacturing and Retail & Logistics – now make up a new business area called Government, Manufacturing & Retail. This business area's goal is to win a strong market position in the Baltic Rim countries, along with further development of its key customer strategy and improving profitability.

The financial information on the business areas conforms with the organization as it was in 2005.

BUSINESS AREAS IN NUMBERS

	2005	2004
Net sales, MEUR	244	199
Per employee, EUR 1000	123.7	116.0
Operating profit, MEUR	23	3
Margin, %	9.6	1.6
Per employee, EUR 1000	11.8	1.9
Full-time employees (average)	1 973	1 713
Full-time employees (Dec 31)	2 119	1 725

Banking & Insurance

Share of net sales

Share of operating profit



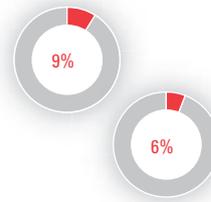
	2005	2004
Net sales, MEUR	536	422
Per employee, EUR 1000	124.9	125.6
Operating profit, MEUR	70	61
Margin, %	13.0	14.4
Per employee, EUR 1000	16.2	18.0
Full-time employees (average)	4 289	3 363
Full-time employees (Dec 31)	4 736	3 420

Telecom & Media



	2005	2004
Net sales, MEUR	157	153
Per employee, EUR 1000	124.1	120.8
Operating profit, MEUR	11	9
Margin, %	7.2	5.6
Per employee, EUR 1000	8.9	6.8
Full-time employees (average)	1 267	1 264
Full-time employees (Dec 31)	1 277	1 257

Government

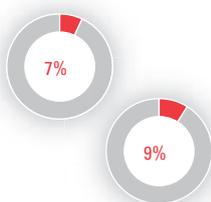


	2005	2004
Net sales, MEUR	119	96
Per employee, EUR 1000	125.9	147.3
Operating profit, MEUR	17	14
Margin, %	14.6	14.4
Per employee, EUR 1000	18.4	21.3
Full-time employees (average)	941	649
Full-time employees (Dec 31)	1 026	733

Healthcare & Welfare

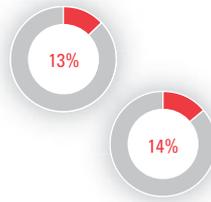
Share of net sales

Share of operating profit



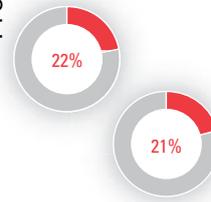
	2005	2004
Net sales, MEUR	226	208
Per employee, EUR 1000	118.5	114.2
Operating profit, MEUR	25	20
Margin, %	11.0	9.5
Per employee, EUR 1000	13.1	10.9
Full-time employees (average)	1 903	1 823
Full-time employees (Dec 31)	1 882	1 876

Production & Logistics



	2005	2004
Net sales, MEUR	377	417
Per employee, EUR 1000	169.3	180.0
Operating profit, MEUR	38	47
Margin, %	10.2	11.3
Per employee, EUR 1000	17.3	20.4
Full-time employees (average)	2 229	2 315
Full-time employees (Dec 31)	2 173	2 309

Processing & Network



Banking & Insurance

International growth in focused areas of specialization

Market conditions in the banking and insurance field took a cautious turn for the better in 2005 after several difficult years although investment growth was still slow in business development projects for banking partnership customers. In the insurance business, by contrast, demand for partnership services was lively. The solutions business developed especially positively in the banking sector where Banking & Insurance made several major agreements, notably for deliveries of corporate banking and card and payment system solutions.

Banking & Insurance offers IT solutions and services for banking, insurance and financial institutions. In the Nordic countries, its domestic market, the business area works in close partnership with its customers offering a comprehensive range of IT services for these businesses.

Outside the home market, Banking & Insurance is expanding its operations by leveraging its global solutions and related services such as core and e-banking systems, and payment and card systems. Its fully integrated solutions accelerate development of the customer's services and raise cost-efficiency, and interest in its repeatable solutions has increased continuously. Success in the intensely competitive international marketplace calls for specialization in specific areas of expertise. This, in turn, makes it possible to achieve sufficient awareness, to profile the company as an expert in its field, and to build up a network of contacts at reasonable investment cost.

Significant advances in corporate banking solutions and insurance

TietoEnator's strategy includes expanding Banking & Insurance into a worldwide player. This was reflected in 2005 with the acquisition of UK AttentiV Systems Group, an experienced provider of software solutions and associated services to the financial service sector in the UK and the market leader in mortgage solutions. Banking & Insurance already counted several major British banks as its customers but its local presence was small. Hence this acquisition has given TietoEnator a strong foothold in the UK where AttentiV's software, combined with TietoEnator's global banking solutions and related integration and

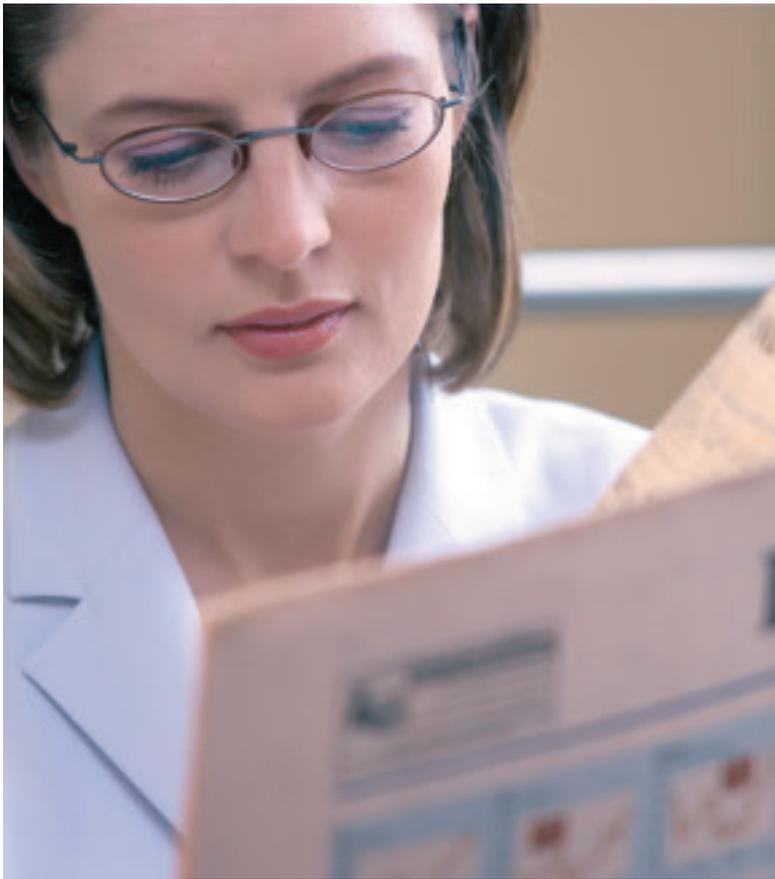
partnership services, forms an integrated package with appeal to the British banking market.

TietoEnator made several important agreements during the year in solutions for international corporate cash management and payment systems. Partnership with Nordea was broadened in September when the two companies agreed on the implementation of a new pan-Nordic cash management solution in Nordea. TietoEnator also concluded an agreement with Handelsbanken on implementation of a new cross-border cash management solution.

All these solutions supplied to banking customers represent TietoEnator's global product range and the cutting edge of corporate banking solutions in the world today.

TietoEnator also won a number of new deals in the insurance sector. The joint venture TietoIlmarinen





began operations at the start of the year. TietoEnator and TrygVesta, the second largest insurance group in the Nordic countries, reached agreement on a strategic partnership with the aim of renewing the insurance company's existing country-based IT architecture into a pan-Nordic service-orientated system. TietoEnator also acquired 80% of the employee pension IT company Esy Oy's share capital, with the parties agreeing at the same time to create a broader technology, skills and resources base in order to develop new business operations and customer services.

Industry development and strengthened international presence create promising prospects for growth

The total banking sector market is forecast to pick up in the near future as further cost-saving measures are no longer sufficient to improve competitive efficiency; growth, profitability and new business all require fresh investments.

Complete renewals of outdated core systems in banks have so far not been undertaken given the huge scope and complexity of such projects and the substantial resources they require. Instead, the useful lives of these systems have been extended by using service-orientated architecture (SOA). SOA solutions

make it possible to add new functionality to systems along with step-by-step renewal of parts of these systems without substantial and overlapping integrating and testing work. Nonetheless, core system renewals can be expected to start in the next few years, and the large banks could begin renewing their systems within the following ten years. TietoEnator is actively involved in developing SOA solutions for its customers as well as in core system renewals where the company's Modernization Partnership model ensures controlled renewal of core systems safely and cost-efficiently.

TietoEnator aims to maintain its strong position as a leading provider of partnership services in the banking and insurance sector in its home market, and at the same time to become one of the top providers of banking, payment and card solutions worldwide.

Banking & Insurance

- Provides high-value-added IT solutions and services in the banking, financial services and insurance sector.
- Operates in its home market, Northern Europe, in close partnership with its customers.
- Is expanding globally by offering frontline software solutions and related system integration and partnership services.

Products and services

- Partnership services
 - Development, maintenance and integration of information systems
 - Outsourcing services
- Global solutions
 - Core and eBanking solutions, payment and card solutions

Markets

- Operates in 14 European countries, more than 400 customers
- Northern Europe's leading provider of IT services and solutions to the financial services industry
- Six largest customers in alphabetical order:
 - If P&C insurance
 - Ilmarinen Mutual Pension Insurance Company
 - Nordea
 - Sampo Bank
 - The Finnish Centre for Pensions
 - The Royal Bank of Scotland Group

Telecom & Media

Growth focused in Europe

Telecom & Media showed further strong growth in 2005 as the business area consolidated its position in both the telecommunications and media sectors. The acquisition of S.E.S.A. AG in Germany, completed at the beginning of the year, made TietoEnator a leading European provider of research and development services within telecommunications. In other respects as well, the business area's growth focused on Central Europe.

The telecommunications sector has recovered from the difficulties that beset it at the beginning of the decade and in 2005 market conditions were positive for both operators and equipment manufacturers. Competition is intense in this sector and creating pressure on prices, requiring telecom companies not only to cut costs but to rethink how they operate and to develop new services. For providers of IT services this makes it necessary to accelerate the use of resources in low-cost countries while having the opportunity to help customers raise their own business efficiency and create IT solutions for new services.

The progressive development of the digital economy is driving considerable change in the telecommunications and media businesses. Typical factors at work in this process are globalization, digitalization of production processes and convergence towards IP-based network solutions.

TietoEnator strongly competitive

Telecom & Media's large market share in Northern Europe, TietoEnator's domestic market, means that this business area will need to direct most of its growth efforts further afield to Central Europe.

Success in new markets requires a local presence and for this reason Telecom & Media has in recent years systematically acquired new companies in the markets considered to offer the greatest growth potential. In line with TietoEnator's key customer strategy, the business area has targeted certain corporations in Europe as potential new customers. Combining the local expertise in each country with TietoEnator's expertise and service concept is giving the company a solid basis for business expansion.

One of Telecom & Media's main competitive strengths is its deep knowledge of both the telecom operator business and the products offered by communications network and terminal products

manufacturers. The latter is based on close research and development with the largest Nordic equipment manufacturers.

Telecom & Media is building up its service offering in this sector with a view to making the outsourcing of R&D services to TietoEnator an attractive proposition for more and more customers. The business area also offers special expertise in TietoEnator Group's core business – digital self-services and the digitalization of companies' internal business and service processes.

In the past few years Telecom & Media has increased the use of low-cost resources for production. Capacity in low-cost countries has been increased



successfully both in TietoEnator's own service centre in Ostrava, and in co-operation with the strategic partner in Russia, Mera, which provides TietoEnator with significant research and development capacity. On the terminal products side, the start of R&D in China at the beginning of 2005, and the acquisition of a majority stake in the Latvian company IT Alise in August 2005, further increase Telecom & Media's capacity in low-cost countries. In the future the business area will source an increasing amount of its work from these countries.

Acquisitions in Europe, organic growth at home

The acquisition of S.E.S.A. Group, Germany's leading provider of R&D services for the telecom industry, was completed in January 2005, bringing TietoEnator around 480 new employees in Germany and 120 in France. It also made TietoEnator a leading provider of R&D services to the telecommunications industry in Europe.

Comnet S.P.A., acquired in Italy in October, gives TietoEnator a stronger foothold in Southern Europe. Comnet, with 160 employees and 80 suppliers, specializes in technical administration and the development of systems for telecom operators. The Italian market is important for TietoEnator both for its size and its strong growth. Italian customers are also eager to adopt new services.

In its domestic market TietoEnator broadened its collaboration with TeliaSonera in early April through a new outsourcing agreement under which certain TeliaSonera software development and service production operations were moved to TietoEnator. In June TietoEnator took over the administration of all TeliaSonera's billing systems for fixed telephony, mobile telephony and internet connections in Sweden.

In the media sector TietoEnator signed an agreement with media group Sanoma Osakeyhtiö at the end of the year under which TietoEnator will supply a new customer management and circulation and distribution control system to Sanoma. Based on TietoEnator's cross-customer and cross-distribution software products, the new system will improve the competitive efficiency of Sanoma's newspapers and service to customers. It will be adopted by all Sanoma newspapers in Finland.

Co-operation with other key customers was further expanded and TietoEnator strengthened its position in its domestic market.

Growth in automotive industry R&D services

A strong delivery capability has always been TietoEnator's competitive edge. In recent years the company has also strengthened its competitive capabili-

ties by developing its sales and customer relationship management processes. Next in line is development of the service portfolio, listening closely and proactively to customers' needs and wishes. Product and service offerings must be strong and precisely defined, especially in the international marketplace, where TietoEnator is still not well known.

In 2006 Telecom & Media is seeking significant growth in R&D services to the automotive industry through S.E.S.A. Already some 30 % of the cost of developing new vehicles relates to electronics and telecommunications or telematics, so this business offers TietoEnator very substantial growth potential.

Growth in the telecom business is expected to continue. In future years Telecom & Media's growth will focus increasingly on European countries outside its home market.

Telecom & Media

- Offers high-value-added IT services to the telecom and media sectors
- Works in close partnership with its customers
- Participates in developing its customers' business processes and new products, particularly in wireless telecom and media

Products and services

- Consulting
- Development, maintenance and integration of data systems
- Outsourcing services
- R&D services

Markets

- Operations in 14 European countries and in China
- Customers are telecom operators, communications technology manufacturers, content producers and media enterprises
- Collaborates globally with its international customers
- Five largest customers in alphabetical order: Alcatel, Ericsson, Nokia, Siemens and TeliaSonera

Healthcare & Welfare

Expansion in Central Europe

TietoEnator's Healthcare & Welfare business area is the leading ICT solutions and services supplier to the healthcare and welfare sectors in the Nordic countries and one of Europe's main ICT providers for healthcare. The business area's healthcare business grew strongly in 2005 as hospital system renewals and regional projects made progress throughout the Nordic region, while several acquisitions strengthened TietoEnator's presence in Central Europe.

Structural change in healthcare throughout Europe is driving strong demand for IT services and a number of healthcare development projects are in progress. Everywhere, legacy core hospital systems are being renewed and processes are being digitalized, the over-riding goal being to create seamless care chains.

Several countries are seeking to develop new regional and even national healthcare solutions. Service providers are consolidating into larger organizations and co-operation is increasing both regionally and between the public and growing private healthcare sectors. This has already happened in Norway, Sweden and Finland, and the process is just beginning in Germany. Another trend is to increase efficiency by redistributing care responsibilities between hospitals, healthcare centres, home care and self-service.

In the welfare sector TietoEnator provides IT services for social services, educational administration and libraries. In the Nordic countries, where TietoEnator's position in the welfare sector is strong, developing new regional operating models is also a priority in welfare services and new forms of collaboration are being sought with the healthcare sector. Examples of integrated solutions are already at work in certain areas such as caring for the elderly.

Acquisitions boost European operations

In pursuit of its new internationalization strategy, Healthcare & Welfare began systematic expansion outside the Nordic countries during 2005.

Early in the year TietoEnator acquired the German healthcare information systems specialist ITB AG. ITB's main product is iMedOne, a web-based clinical process information system for hospitals used by around 130 customers in Germany and the Netherlands. ITB's R&D unit in India, established in 1997, now introduces offshore production to IT healthcare

services. In addition to its existing 120 employees, this unit also recruited another 80 new software developers during the year, some of whom will concentrate on Nordic software. The acquisition of Zait AB, a Swedish IT specialist within the healthcare and welfare sector, strengthens TietoEnator's presence in Sweden. At the year end TietoEnator acquired the German company Waldbrenner AG, which specializes in patient administration and clinical documentation systems. Waldbrenner has 60 hospital customers in Germany and also Luxembourg.

Healthcare & Welfare also grew organically during the year. In Finland, its most important healthcare deliveries were to the Päijät-Häme and Central Finland Health Care Districts and a regional solution for the Kanta-Häme Health Care District; in Sweden three hospitals in the county of Örebro; in Norway, Southern, Western and Central Region Health Authorities; and in Germany, the St. Adolf Stif Reinbek hospital; and deliveries of centralized laboratory systems to Stockholm and the Central Region Health Authority in





Norway. The business area also gained an important foothold in private doctors' clinics in Finland.

In the welfare sector, TietoEnator strengthened its position especially in Finland and Norway, where the company gained market leadership. TietoEnator also agreed on the establishment of a joint venture in Finland with Axiell Bibliotek AB, a Swedish company specializing in library systems. The purpose of this co-operation is to ensure the competitive development and service level of library systems in the future and to utilize library system solutions developed in different countries in a cost-effective way.

Nordic background a strong platform for international expansion

Structural change and the digitalization of services in the healthcare sector is expected to lead to increased investments in healthcare IT systems in Europe at an annual rate of more than 10 %. TietoEnator intends to further strengthen its position as the leading Nordic IT provider of healthcare and welfare services and to continue growing in Europe both organically and through acquisitions. The acquisitions made in 2005 will result in strong organic growth in the next few years, particularly in Germany and the Netherlands.

The application of self-service and mobile technol-

ogy solutions, and the outsourcing of IT services, has barely started in the healthcare sector. Given the company's extensive experience in other customer industries, TietoEnator is able to offer strong expertise in both these areas, putting the company in an excellent position to partner its healthcare customers as they digitalize their services.

The well-managed healthcare and welfare services in the Nordic countries, and the positive Nordic attitude towards new technology, have enabled TietoEnator to develop in close co-operation with its customers the most sophisticated solutions available for these sectors. Top-quality, integrated products and concepts, along with accurate visions, have given TietoEnator the credibility it needs to grow as an international ICT provider. The company's goal is to become a leading supplier of ICT services and solutions to the healthcare sector in Europe.

Healthcare & Welfare

- Offers ICT solutions for healthcare, social welfare, education.
- Works in close partnership with its customers.
- Supports its customers in digitalizing their service processes by promoting seamless care and service chains.

Products and services

- Advanced ICT solutions for hospitals, healthcare centres, laboratories, dental care, private health-care, home care, social services, schools and educational administration, and libraries
- Integrated product families which can be introduced in stages
- Repeatable solutions that can be utilized in international markets

Markets

- Main market area Europe
- Leading provider in the Nordic countries, among largest providers in Europe.
- Largest customers:
 - Norway: Southern, Western and Central Region Health Authorities
 - Sweden: counties of Skåne and Stockholm
 - Germany: Rhön Klinikum AG and Bundesknappschaft
 - Finland: 10 Health Care Districts
 - Denmark: The Copenhagen Hospital Cooperation

Forest & Energy

Leading expertise for global markets

Demand took two forms in the Forest & Energy business during 2005. Forest industry customers were still unwilling to make investments in IT services as market conditions remained tight. In the energy sector, however, demand was strong, with oil and gas companies in particular investing strongly in new IT systems. Nordic electricity companies were successful as well.

TietoEnator restructured its business area organization at the end of 2005, one result of which was the formation of a new business area called Forest & Energy. Its mission is strong international growth. In the new management structure Mr Carl-Harald Andersson was appointed President of Forest & Energy. Mr Pentti Huusko, previously President of Production & Logistics, took up the position of Senior Vice President, Operational Excellence.

TietoEnator has the world's largest concentration of forest sector IT experts in the world. These professionals develop world-class IT systems for the pulp, paper and wood products industries and forestry. In the energy sector TietoEnator is the leading IT systems provider in the Nordic countries, producing IT services and solutions for both electricity and oil & gas companies. Its core expertise lies in its capability to improve the core business processes of its customers.

In the forest sector, the year was challenging for TietoEnator owing to the heavy cost-saving measures taken by its customers. In the energy sector deregulation and new legislative requirements generated new opportunities for TietoEnator in customer information systems and other software designed for the electricity industry.

Stronger position as global supplier of forest industry value chains

TietoEnator made two forest industry acquisitions in March: the pulp and paper industry ERP business of CSC Austria, a subsidiary of the American company CSC; and at the same time a British company Pentec Ltd, which provides IT solutions for the paper and corrugated board industry.

CSC focuses on SAP and Oracle deliveries, maintenance and further development for leading forest companies globally. Pentec's system development and application management services supplement

TietoEnator's own forest industry IT solutions. The two deals brought more than 120 new employees to TietoEnator's Forest business, which had roughly 800 employees at the beginning of 2006.

In June TietoEnator closed an agreement with UPM to deliver a new information system for UPM's forest unit in Finland. The system, which supports optimization of the unit's timber procurement processes, covers all UPM's timber procurement operations in Finland. The agreement brings TietoEnator into deeper partnership with UPM and closer to its objective to supply both functionally and technically leading information systems to the entire forest industry chain worldwide.

As production and competition in the pulp and paper industry globalize, it is becoming all the more important to precisely understand the factors underlying price competition, production costs and customer profitability in this industry. TietoEnator's Forest unit responded to this challenge by launching, together with Enterprise Performance Solutions (EPS), the TietoEnator Integrated Paper Solution (TIPS) family of cost management products. In December TietoEnator delivered a new production cost management system to UPM-Kymmene's Kymi mill in Kuusankoski, Finland. This system forms part of UPM-Kymmene's process of harmonizing its cost management processes at all its mills worldwide.

Energy market changes create new opportunities

The new requirements that have arisen from deregulation of the electricity markets have created a need among energy companies to develop their information systems. TietoEnator's EDM (Energy Data Management) system for centralized storage and utilization of meter values meets energy company needs in these changing market conditions. TietoEnator made several EDM delivery agreements with Nordic energy companies during the year.

In February TietoEnator signed an agreement to supply a customer relationship management and billing system to six Finnish energy companies, to improve their business processes. This comprehensive solution is based on TietoEnator's CAB (Customer and Billing) product, which also includes digital self-services for end-customers.

During 2005 TietoEnator also won many new contracts from the biggest global oil & gas companies such as ExxonMobil, BP, Shell and Chevron under the already announced frame agreements for Energy Components.

Sharper focus on global growth

The forest and energy sectors both offer TietoEnator opportunities for international growth in the future. In the forest industry TietoEnator holds a strong position in North America, Asia and Europe, and has now set its sights on expansion into South America where forest industry companies are moving their timber procurement operations owing to the rapid speed of timber growth in this region. TietoEnator is also broadening its base in Russia through partnerships with Russian and international companies.

TietoEnator owes its strong position in the oil & gas business to global frame agreements with major oil and gas corporations. The order backlog in this business is good.

In the electricity markets, deregulation and new regulations are opening up new business opportunities for IT service providers. One of the most fundamental changes is that automatic meter reading and the processing of meter values will gradually become mandatory in many European countries, the first being Sweden in 2007. An agreement with Sweden's leading power generation company E.ON concerning the automatic processing of meter data marks an important breakthrough for TietoEnator into this market.

Forest & Energy

- TietoEnator Forest is the world's largest concentration of IT professionals for the forest industry
- TietoEnator Energy produces IT services and solutions for electricity and oil & gas companies

Products and services

- World-class information systems for the pulp, paper and wood products industries and forestry.
- Improvement of core business processes in the energy sector
- Solutions for electricity companies
- Solutions for oil & gas companies
- Services

Markets

- TietoEnator Forest meets its customers' needs worldwide
- Strong market position in North America, Asia and Europe. Expanding in South America and Russia
- TietoEnator Energy is a global supplier to oil & gas companies. Strongly positioned supplier to Nordic electricity companies
- Five largest customers in alphabetical order: Fortum, M-Group, Statoil, StoraEnso, UPM-Kymmene



Government, Manufacturing & Retail

High-quality service based on key customer strategy and complete service portfolio

Government, Manufacturing & Retail is a new business area set up as a result of reorganization in TietoEnator at the end of 2005. It offers a complete service portfolio to customers in its sector. The business area's goals are to strengthen its market position in the Baltic Rim countries, to further develop its key customer strategies and to maintain good profitability. Ms Anja Vainio was appointed President of Government, Manufacturing & Retail in the reorganization process.

Government, Manufacturing & Retail's business operations are based on key customer strategies and using products supplied by global technology leaders. Enterprise resource planning (ERP) systems are a core element of its service offering.

Demand is expected to remain strong but price pressure will intensify as the global offering expands. This will make it necessary for IT services providers to rapidly increase their production capacity in low-cost countries. Government, Manufacturing & Retail uses TietoEnator's low-cost production services mainly in the Baltic area.

Developing IT systems and solutions at the core of society

For its local and central government customers, the business area offers solutions for developing, building and utilizing online services.

Public sector demand for IT services in the Nordic countries showed moderate growth during 2005 but price pressure continues to be strong. TietoEnator's operations in this sector developed most positively in Finland and Denmark. The business area signed several significant agreements during the year, which clearly demonstrated the success of its key customer strategies.

The City of Stockholm chose TietoEnator as its total IT and telephony supplier. In Finland TietoEnator won the tender to develop and implement a new Session Hall system for the Finnish Parliament.

Partnership in labour market administration developed positively in Norway, Denmark and Finland. In Norway more than 60 % of customer services in this segment take place now via digital networks.

At the end of 2005 Saab Group and TietoEnator signed a strategic IT partnership and at the same time agreed to establish a joint venture in Finland called TietoSaab Systems Oy specializing in the command

and control business. The new company will combine TietoEnator's Defence business and Elesco Oy, owned by Saab Group.

Public sector organizations throughout the Nordic countries are placing high priority on renewing operating practices, raising efficiency and developing more centralized control models for IT projects that concern administration. TietoEnator's strong position across all sectors of society puts the company in an outstanding position to play a leading role in the digitalization of public sector services intended not just for customers but within and between government authorities. Demand for IT services is expected to stay at a good level in the next few years given the need for greater efficiency in this sector.

Retail trade evolving structurally and becoming more international

TietoEnator has a solid track record in applying digital technology to help retailers and logistics companies manage and develop their customer relations, demand and supply chains, and store operations.

In 2005 the main factors affecting demand for IT services in this sector were the digitalization of supply chains from supplier to customer and major consolidation within the industry.





The S Group introduced a single centralized financial management system covering all its businesses. In Kesko's case, a strategic change of direction from domestic wholesaler to international retailer required renewal of Kesko's enterprise resource planning system. TietoEnator's and Kesko's joint venture ensured the success of the transitional period.

New deliveries got under way with customers including Ekokem, Finnair Catering, Åhlens, Lassila & Tikanoja and Stockmann. These agreements mainly applied to solutions built on ERP systems supplied by third parties. New solution areas will offer the business area considerable growth potential in the future.

The main future development priorities for this sector around the world concern the needs to make more efficient use of information and to increase retail store efficiency, for example by using digital self-services.

TietoEnator is the largest provider of IT services to the retail and logistics area in Finland. As the retail business rapidly becomes more international TietoEnator will internationalize alongside its customers meeting their IT needs in all their markets.

Strong growth in manufacturing

TietoEnator offers a comprehensive set of solutions that meet the core business process needs of the manufacturing industries. These solutions are based on leading software packages and technologies. The company also supplies lifetime support services for its customer solutions. The strategic cornerstones of this business are an active customer-centric approach and reusable solutions.

Conditions improved substantially for customers in the manufacturing industries during 2005, which was reflected in growing demand for IT services such as ERP systems. TietoEnator likewise saw sharp growth in this sector, where the company is the market leader for manufacturing industry systems in Finland. The main factors underlying demand for solutions were globalization, networking and structural change. TietoEnator is heavily involved in meeting these needs and offers support for its global customers wherever they operate.

TietoEnator is Ruukki's partner in a development programme. TietoEnator's scope of supply includes providing an integration solution and Capacity on Demand that supports Ruukki's enterprise resource planning.

In the future TietoEnator will concentrate on further development of its service and solution concepts, to ensure its ability to offer customers increasingly high-value-added services. A central development priority in this context is Business Activity Monitoring and Control (BAMC) services.

Government, Manufacturing & Retail

- Offers IT services for local and central government, the manufacturing industries, and retail and logistics.
- Operates in close partnership with its customers.
- Has a deep knowledge of its customers' businesses and the ability to apply leading technologies, along with its own and international solutions, in the digitalization of its customers' core operations.

Products and services

- Solutions for developing, building and using digital services in public administration
- ERP, CRM, product lifecycle management and integration solutions for the manufacturing industries
- Development and maintenance of the digital value chain of international retailers and logistics companies

Markets

- The Baltic Rim countries
- Support for global companies in their different locations
- Five largest customers in alphabetical order: Kesko, the National Board of Taxes, Ruukki, S Group and the City of Stockholm

Processing & Network

Ready for global customer service

Processing & Network has systematically renewed its services to achieve an extremely modern, cost-efficient and competitive service environment for managing its customers' core systems. Together with TietoEnator's customer-specific business areas and the Digital Innovations unit, Processing & Network offers an end-to-end service chain that can only strengthen its customers' competitiveness.

During 2005 Processing & Network concentrated on renewing its service efficiency by centralizing production machinery and harmonizing working processes, keeping in mind both customer service and the business area's global coverage. This change, taken in response to intensifying competition, enables Processing & Network to deliver its services globally via digital networks with high and uniform quality regardless of where customers are situated.

All mainframe production services have been supplied from the mainframe centre in Helsinki since September and centralization of the business area's other infrastructure has proceeded as planned. Strong customer service points have been built simultaneously in Finland and Sweden to handle customer service needs. The new service model will be in full operation during 2006.

The scope of the service centre in Ostrava, Czech Republic, was broadened from software services to cover the production of processing services as well. This latter activity started in May. The service centre now supplies server management and data security services, offering customers a broader range of round-the-clock services.

Service model meets customers' need for flexibility

The business area is also making investments in automating and streamlining its production processes. The processes and their support tools based on the Information Technology Infrastructure Library (ITIL) were fully implemented within the business area during the year. ITIL is a library of guidelines and best practices for producing IT services. The processes it defines make it possible to produce top-quality IT services cost-effectively and securely. Further automation and process streamlining will take place during 2006.

The global operating model formed by consolidation of processing services and Ostrava's low-cost services, produced solid results during the year. The

property and casualty insurance company If outsourced its server management operations and end-user services to TietoEnator in the Nordic countries and in some of its other sales offices. TietoEnator is delivering IT infrastructure services to Saab Group in all its operating countries through an agreement spanning 2005–2009. The City of Stockholm chose TietoEnator as its total supplier of IT and telephony services, while energy service provider E.ON has selected TietoEnator as its prime contractor for automatic energy meter reading (AMR) services. Processing & Network's new integrated service model meets the need for flexibility experienced by customers at different stages in their business development. The model guarantees IT support and cost management for customers also as business conditions change.

Service concept a competitive strength

Recovery in TietoEnator's customer businesses has gradually increased demand for IT services. Cost-efficiency measures have improved Processing & Network's competitive position, although that alone is not enough to ensure success against international





competition. In the longer term the success factor that will stand TietoEnator apart from its rivals will be the Group's strategy and service concept – a deep knowledge of its customers' businesses and IT expertise combined into an integrated, end-to-end service chain. TietoEnator's operations are built upon a good service portfolio and cost-efficient production supported by active sales.

Market prospects for TietoEnator's processing services will be good now that the cost-efficient total service concept is fully developed. Processing & Network is seeking growth primarily in Sweden, where its market share is considerably smaller than in Finland, and also in the other Nordic countries. In Finland the market share could grow mainly in TietoEnator's total services including work station services. Potential also exists in the Baltic countries and Russia. Outside these regions Processing & Network will expand as necessary in pace with its customers.

Processing & Network was reorganized during 2005 to achieve clearer customer responsibilities, greater customer proximity and more effective sales. In conjunction with the measures to centralize production and raise efficiency, Processing & Network also held codetermination talks with personnel, which affected the jobs of around 110 people. Mr Ari Karppinen, previously head of the Manufacturing unit within Production & Logistics, was appointed President of Processing & Network with effect from

1 October 2005 as part of TietoEnator's senior management rotation scheme. Mr Juhani Lano, the former President of the business area, took over the responsibility of implementing TietoEnator's global sourcing strategy and is based in Ostrava, Czech Republic.

Processing & Network

- Offers processing and network services
- Acts in close partnership with its customers
- Secures the continuity and development of its customers' operations through its services

Products and services

- ICT operations management services
 - Efficient and uninterrupted infrastructure management that supports customers' business processes
 - Renewal services to support IT changes
- Consulting services

Markets

- Services mainly for TietoEnator's vertical business areas. Processing and network services effectively combined with customers' business development projects
- Main markets the Nordic and Baltic countries. A leading provider in these regions
- Works with its global customers in Continental Europe and the USA
- Five largest customers in alphabetical order: If Insurance, Kesko, Sampo, Stora Enso and Telia-Sonera

Digital Innovations

Digitalization sharpens competitive edge

The Digital Innovations unit in TietoEnator develops and enhances the digital self-service applications of the company's customers. It promotes synergies between TietoEnator's different customer sectors and it accelerates the commoditization and integration of its digital self-service applications.

Digital Innovations collaborates closely with TietoEnator's business areas, adding services to their ranges to cover the complete digital value chain of their customers. The unit specializes in self-service applications that emphasize ease of use and the end-user's perspective. Its expertise in digital self-service, coupled with the business process and information integration services acquired at the beginning of 2006 and the unit's new-generation voice application services for contact centres, creates Europe's leading service unit for networked business operations. Digital Innovations has 600 employees.

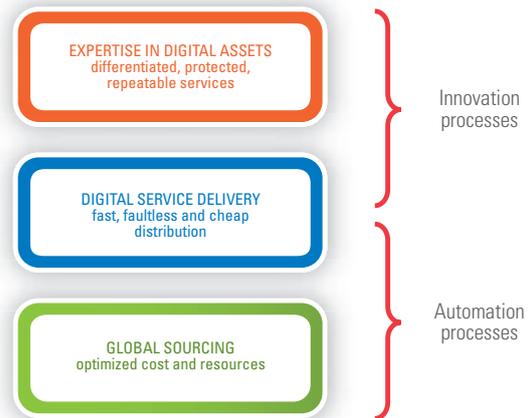
The pace of digitalization in organizations appears to be growing ever faster. The use of automation to raise efficiency is continuing, and electronic services are increasingly seen as a way of differentiating from others in the field, thus improving competitiveness. Differentiation calls for innovation – the ability to create something entirely new (picture). The front-runners in this race will increase their lead and, at best, carve out the path that the entire sector will follow as it develops new services. The digitalization of services is making customer relationships digital in many fields: the relationship comes into being, exists or evolves over networks.

Digitalization encompasses digital self-services and process automation in a broad sense. Through automation, the customer is looking for both overall efficiency and maximum business benefit as these reduce the cost of manual customer services while giving customers an easy way of getting things done online. A good example is online banking services, such as the Finnish OKObank group's service, now into its third generation.

The emphasis has clearly shifted, however, towards using digital services to increase customer benefit. In practice this means building versatile total customer portals that offer different services to different customers. The self-service concept developed for Finnish teleoperator Elisa, for instance, covers everything that customers need when dealing with Elisa.

Digital Innovations co-ordinates TietoEnator's Digitalizing Framework project, the purpose of which is to pull together the company's best expertise and

DIGITAL PRODUCTIVITY IN ENTERPRISE LANDSCAPE



repeatable technical solutions, along with its best innovations and practices, for use by all Group units in all countries of operation. Models of digital solutions are devised to help customers in their decisions and support implementation of the full-scale solutions. An important element of the Digitalizing Framework is TietoEnator's collaboration in this field with the world's leading technology vendors.

Services and products

- Digital customer interactions
- Digital portals and communication solutions
- Design and implementation of digital self-services
- Business, architecture and technology consulting services
- Business process and information integration services
- Project and change management
- Enterprise content management
- Enterprise information solutions

Markets

The customers of the Digital Innovations unit are the customers of TietoEnator's six business areas. The unit works closely with these business areas, adding services to their portfolios to cover the customer's entire digital value chain.

Software Centres

Technical production cost-effectively

TietoEnator is concentrating its production operations in service centres set up in low-cost countries, in order to improve the competitiveness of its business areas and to free their resources for developing high-value-added services. The first such service centre was established at the beginning of 2004 in Ostrava, in Czech.

At the end of 2005 TietoEnator had production operations in seven countries, and a total workforce in these centres of roughly 1 000. The plan is to increase this figure to about 2 000 by the end of 2006. The production centres and the services they offer are as follows:

1. Ostrava, Czech Republic (information systems/information technology services, solutions development, processing and network services)
2. Pune, India (healthcare solutions development)
3. Riga, Latvia (card management systems, Oracle ERP competence centre)
4. Kuala Lumpur, Malaysia (energy components development)
5. Nizhny Novgorod, Russia (sourcing partner, Telecom R&D)
6. Vilnius, Lithuania (SAP, Navision and Axapta competences)
7. Beijing, China (Terminal R&D development)

Further details on page 39.

Strategic Customer Operations and Operational Excellence

New functions support strategic growth and efficiency targets

Strategic Customer Operations

Strategic Customer Operations concentrates on strengthening relationships with TietoEnator's customers. It does this by co-ordinating and supporting customer relations and sales efforts in close co-operation with the vertical, customer-specific business areas, as well as the Processing & Network business area and the Digital Innovations unit.

The SCO organization comprises the following units:

The Strategic Offering unit is responsible for contributing to TietoEnator's capability of making big deals and creating new customer relationships also outside the Nordic countries.

The Strategic Marketing unit supports TietoEnator's growth by broadening awareness of TietoEnator as the leading European IT services company, leveraging the Group's vertically focused offerings.

Executive Advisors prepares the ground for TietoEnator's business areas to deliver solutions that support customers' migration to networked business models and higher automation processes.

The Strategic Customer Programme unit concentrates on TietoEnator-level sales activities and marketing,

aiming to increase organic growth by building common structures that create better possibilities for cross-selling of TietoEnator's services and solutions.

Further details on page 44.

Operational Excellence

TietoEnator's strategy is to position itself as a world leader in customer proximity in its IT services business. Ensuring this competitive position requires both world-class solutions and efficient operations. The purpose of the new Operational Excellence units is to raise operational efficiency within the Group. The unit centrally combines TietoEnator's global sourcing, process development, supplier relations management, internal ICT and centralized administrative services (Business Support Unit and HR Centre). The Operational Excellence units concentrate on developing all these areas and on deriving synergies from them. Combining in the same organization functions that previously were developed in different places will help the company to intensify co-operation between these functions and harmonize their development.

Intellectual capital

Intangible resources, the platform for value creation





TietoEnator's aim is to become the world's leading provider of high-value-added IT services in selected customer sectors. The company's means to this end are its intangible assets – its human capital, structural capital and relational capital. The following pages describe TietoEnator's most important ongoing processes and actions for developing its intangible assets.

“

It's very motivating to know that my work and efforts contribute to a product that will be a part of tomorrow's technology.”

Mr Lukas Dziadus, System Engineer, Telecom R&D, Germany.

Main components of intellectual capital and their development

CRITICAL INTANGIBLE RESOURCES	GOALS	KEY ONGOING ACTIVITIES
HUMAN CAPITAL		
Management capabilities	Consistent development, international capabilities	Management and leadership development (p. 36)
Employee competences	Personal growth Development of project management skills Development of sales skills	Business driven people management, BRIDGE (p. 36) Project management learning path (p.35) Sales professional learning path (p. 35)
Customer industry and IT expertise	Maintain and further sharpen in-depth knowledge of customers' businesses, be the leading expert in the latest information technology	Partnership models (p. 45)
STRUCTURAL CAPITAL		
Group common processes	Achieving world-class process maturity and economies of scale	Common business system (p. 42) Proactive sales process (p. 42) Seamless end-to-end service for application lifecycle (p. 43) Harmonized project management (p. 43) Operational Excellence function (p. 31) Management planning (p. 36)
Service models	Global support of customers' business operations	Renewal of processing and network operations (p. 40) Global sourcing (p. 39)
Intellectual property	Protection of key intellectual & intangible assets, protection of legal trademarks	Development of IPR management process (p. 41)
Technology infrastructure	Development of uniform solutions and processes	Centralized resource management with a single control system (p. 43)
RELATIONAL CAPITAL		
Group strategy	Utilize globally the leverage of vertical expertise	Partnership models (p. 45) Renewal of processing and network operations (p. 40) Global sourcing (p. 39)
Customer relations	Create customer value, maintain and increase customer satisfaction and loyalty	Strategic Customer Operations function (p. 44)
Relations with technology vendors	Focus on customers' business challenges, savings in software and technology costs, more efficient operating models	Systematic development of vendor relations, co-operation in go-to-market planning and marketing activities (p. 48)
Corporate responsibility	Continuous improvement to meet the expectations of key stakeholders	Corporate responsibility framework (p. 49)

Special emphasis on **proactive sales skills** to speed up organic growth

The past year was mainly a year of implementation for the human resources function. The Group-wide processes developed and launched in 2004 to support growth and internationalization were put into action in top gear. A new initiative was the development of a TietoEnator-wide career and learning path for sales professionals.

As increased organic growth has been made a priority for TietoEnator, it has been necessary to develop a more proactive and systematic approach to sales. In addition to the Group's common customer relations and sales efforts, processes and tools (described on pages 44, 42 and 43 of this report), improved sales competences are also needed to meet the organic growth targets. To that end, a TietoEnator-wide sales professional learning path has been created to train and coach sales professionals in a co-ordinated manner throughout the Group. The four-level learning path aims at excellence in winning complex sales and managing strategic accounts. It also aims at attracting the right people to sales positions by improving the status of sales professionals. The four levels of the learning path are: frontline sales (for people in contact with customers but without real sales responsibility), sales professional (basic sales training based on real sales cases), sales excellence (negotiating and managing complex sales situations), and sales management and coaching. Some pilots were run during 2005, and full-scale implementation will begin in stages during 2006.

A series of TietoEnator sales kick-off days are being arranged in several countries to improve awareness of the strategic importance of sales, to speed up sales and to inform employees about the sales professional learning path. By the end of the first quarter of 2006, 1 500 line-organization and sales professionals will have attended these days.

Three strategic learning paths

In addition to the sales professional learning path, TietoEnator has two other strategic learning paths focusing on management and leadership and project management. All of these learning paths are based on the Group strategy and have been designed to contribute towards reaching the strategic goals.

TietoEnator's long-term objective is to develop world-class leaders. Management and leadership de-

velopment is not seen as an isolated training activity, but as an integrated part of strategy implementation and business development. Internal management development through the company's own management training programmes is one of the strongest tools for developing a TietoEnator culture based on shared values. Top management training with IMD, one of the top-ranked business schools in the world, continued successfully in 2005; by the end of the 2005 programme, 100 managers had participated in this one-year programme focusing strongly on TietoEnator's international growth.

A Group-wide management training programme called Business Excellence in TietoEnator (BeTE) complements the management development schemes on an international level. The programme addresses the development needs of the next level of managers and is run in close co-operation with IFL at SSE (Stockholm School of Economics). The BeTE programme is tied to the TE-IMD programme through a partly shared faculty and content areas. The training has been very successful, and due to its popularity the number of programmes was increased from two to two and a half per year, with 25 managers in each programme. By the end of 2005, 200 managers had participated in this scheme.

A new first-line manager training scheme was piloted in 2005 in Finland, Sweden and the Czech Republic together with Mercuri International. The goal was also to better align this training, previously planned and implemented on a national basis, to the Group's common goals. This TietoEnator-wide programme has now been rolled out in all major operating countries.

Project management training has been systematized throughout TietoEnator and consists of a four-level project management career and learning path. With Project Institute as a partner, the career and learning path covers all project management catego-

ries from basic to the most advanced. Certification is recommended for all categories.

Growing leadership challenges

TietoEnator has a very strong management legacy and culture and a long tradition of investing in management development. In the area of leadership, on the other hand, there is clear potential for improvement. TietoEnator is facing significant leadership challenges that are further intensified by the company’s international growth, increasing use of global sourcing, far-reaching structural changes and numerous development projects. Both excellent management and strong leadership are needed for reaching the desired results in TietoEnator’s increasingly demanding internal and external conditions.

TietoEnator conducts an Employee Satisfaction Survey among all employees every year. The results of the survey are benchmarked against industry peers, and the survey is then used as an input for development. In 2005, the results clearly indicated a need for improved leadership. To address this need, TietoEnator’s human resource development is focusing strongly on leadership development. As part of this effort, a leadership development programme has been drawn up to develop the coaching, communications and conflict handling, change management and motivational competences of the company’s leaders. The programme will be launched during 2006.

of the organization. It supports the growth of all employees by helping them to understand how each one of them personally can contribute towards the goals of their own unit. Since the process links the organizational and individual levels of business planning, it is called BRIDGE.

The cornerstone of the process from the individual’s perspective is the development discussion between every employee and his or her immediate manager. For the managers, BRIDGE is a tool that helps them identify, manage and develop their employees’ performance. The purpose is to support managers in reaching their individual and team or unit targets by helping them professionally manage all levels of performance.

The first full year of implementation of BRIDGE proceeded well and results were positive. In TietoEnator as a whole, the percentage of employees who had a development discussion increased from 83% in 2004 to 84% in 2005, which is a good result. In some business areas the participation rate was 100%. Even more encouraging is that the employees have experienced a significant quality improvement in these discussions. The understanding of personal targets also improved markedly. Managers will continue to receive training in coaching for performance. The purpose of this training is to develop their ability to conduct the development discussions to a high standard, to set their subordinates challenging targets and to help them reach these targets.

LEADERSHIP AND MANAGEMENT



Successful implementation of BRIDGE

In 2004, TietoEnator decided to develop its competence management system into a renewed Business Driven People Management process that covers both competence and performance. This process provides a comprehensive approach to facilitating growth through individual target setting, support and feedback.

The process establishes a common platform for supporting employees’ performance and competence in a structured way in alignment with the objectives

Management planning covers all managerial levels

Management planning is one of the TietoEnator processes aimed at ensuring a growing pool of talented, experienced and committed managers both for the short and long terms. The process is based on a strategic gap analysis. The present and future strategy-based management needs are compared, in terms of both quantity and quality, with the supply and potential of managerial resources at all organizational levels.

Management planning is a continuous, consistent and proactive way of working through the entire management lifecycle. It consists of identifying potential managers internally and externally, as well as attracting, recruiting and aligning them, planning and developing their competences, reviewing and managing their performance, rewarding and recognizing them, developing their careers, and finally planning their succession.

All managers in TietoEnator form one common pool of talent. Potential candidates for top management positions as well as early career potentials are discussed openly in the Corporate Management

Team's HR roundtable meetings 3–4 times a year. The status and actions for the identified talent pool are then discussed in business area management audits annually.

Every manager, as well as all employees, receive an individual development plan for the next 1–2 years as an outcome of the annual development discussion. This plan, together with the performance evaluation summary of each individual, forms an important input for the internal management planning process. A new Group-wide management planning data base was introduced in 2005. It includes all managers with their CVs, financial and managerial track records and special competences.

Specific action is taken to develop the identified top managerial potentials; both young managers with high potential and senior top management potentials. Job rotation across both business area and geographical boundaries is encouraged in order to broaden the future managers' perspective of TietoEnator's businesses and cultural aspects.

In 2005, the scope of management planning covered all managerial levels from the top management team down to the department and team levels, which means approximately 1 500 individuals. 50 senior managers were offered new challenges as an outcome of the management planning process.

Compensation and benefits issues developed

In line with TietoEnator's internationalization efforts, certain areas concerning compensation and benefits will be developed during 2006.

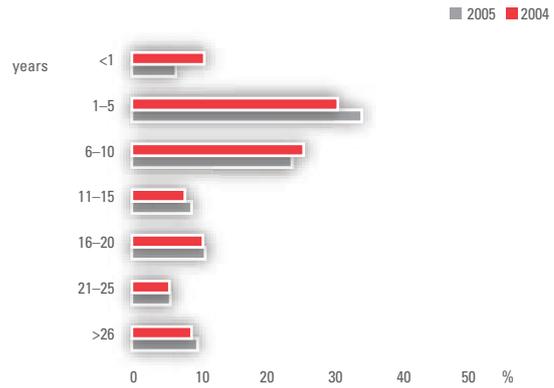
Compensation policy

A new compensation policy will be launched. The policy describes the framework for compensation and benefits globally using a total reward approach that includes compensation as well as pension and other benefits. It also includes the tools needed to determine compensation and benefits such as job processes and position evaluation. Both long- and short-term incentives will be a part of the policy.

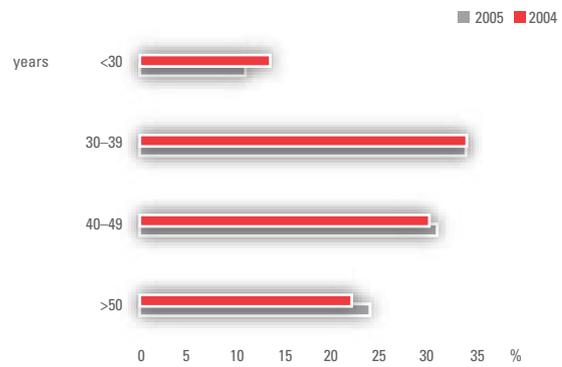
Long-term incentives

A new performance-based share plan will be launched during 2006 for 50 key employees. The plan will have strict performance criteria linked to the improvement of the earnings per share figure of the Group. The overall purpose of the share plan is to align the long-term interests and performance of TietoEnator's managers with the interests of the shareholders. The objective of the programme is to attract and retain key competence as well as to be an incentive for superior performance.

LENGTH OF EMPLOYMENT

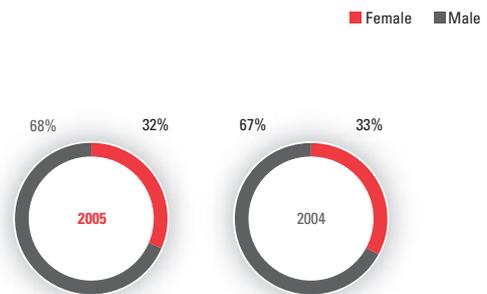


PERSONNEL BREAKDOWN BY AGE

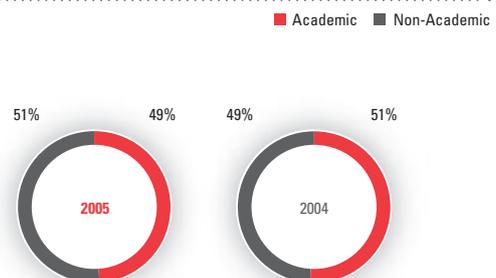


The average age of the personnel at the end of 2005 was 40.2 years (2004: 40.7).

PERSONNEL BY GENDER



PERSONNEL BY ACADEMIC EDUCATION



International assignment policy

A new international assignment policy will be launched at the beginning of 2006. The policy has been drawn up with TietoEnator's growing international workforce and increasing number of expatriates in mind. It is based on best international practices and benchmarked against the policies of other major companies.

Promoting growth in low-cost countries

The number of full-time employees totalled 15 001 (12 773) at the end of the year. Acquisitions and new outsourcing contracts added around 1 870 employees during the year. Recruitment increased from the previous year: a total of 1 698 (993) employees were hired. Personnel adjustments reduced staff by 350. Employee turnover is on a slowly increasing trend. The 12-month rolling figure stood at 6.9% (5.1) at the end of the year.

TietoEnator is actively developing its global sourcing strategy and practices in response to rapid globalization in software production. By concentrating production in low-cost countries, the company aims to improve the competitive efficiency of its business areas and to release resources for producing higher-value-added services. In accordance with the global sourcing strategy, TietoEnator is resolutely scaling up volume in low-cost countries. This enables net sales growth also in high cost countries. This is clearly illustrated by the company's net recruitment figures: net recruitment in 2005 was 470 persons in low-cost countries and only 200 persons in high-cost countries. At the end of the year, the number of employees in low-cost countries totalled about 1 200 and TietoEnator is planning to increase its low-cost staff to roughly 2 000 by the end of 2006. Creating cost-competitiveness by global sourcing enables TietoEnator to keep jobs and maintain growth in higher-cost operating countries, too.

Moving towards global service production

The production of information technology services has rapidly globalized in recent years, a trend set to continue in the future. The need for greater operational efficiency is encouraging the IT sector to move its production processes to countries offering a ready supply of well educated workers at low cost. In response to this change, TietoEnator is also concentrating its production in low-cost countries to improve the competitive efficiency of its business areas and release resources for producing higher-value-added services.

As the digital economy continues to evolve, information, information services and information technology services are becoming global commodities. Data networks and other technical advances are making it possible to distribute services in entirely new ways. And considering also that the competence levels of educated people are gradually converging internationally, the conditions now exist for a global IT services market.

Global sourcing in TietoEnator

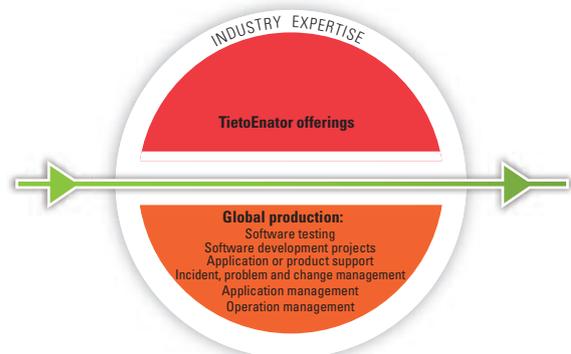
For TietoEnator, global sourcing means production centres in low-cost countries offering cost-efficient technical production facilities for the company's business areas. This is enabling TietoEnator's industry-specific businesses to reduce their core IT production costs and offer their customers added value by focusing resources on continuous enhancements to their products and services. The business areas also supervise the production process and are responsible for customer relationship management, pricing, the expertise necessary for their own businesses, and knowledge of local languages and cultures.

Fast growth in Czech

TietoEnator set up its first production centre in 2004 in Ostrava, Czech. Besides the ready availability of well qualified employees, another factor influencing the choice of location was the company's wish to concentrate production close to its customers, most of whom are European. Since economies of scale are of considerable importance in global production, TietoEnator set out to build a high-volume centre and to use this facility in Czech as extensively as possible. The production centre brings not only cost-efficiency; its large size also provides a comprehensive service offering coupled with a broad range of competences.

Since fast growth requires efficient processes, training and standards, the production infrastructure and processes of the Ostrava centre have been developed systematically from the outset.

GLOBAL SOFTWARE SOURCING: SERVICES AS AN INTEGRAL PART OF TIETOENATOR'S OFFERINGS



The services provided by the global production centres are integral to all TietoEnator's partnership service models and cover all services that can be produced via digital networks. TietoEnator has a significant competitive edge in being able to offer a total service line-up including design, testing, production and user support.

The capacity of the Ostrava Software Centre and its workforce grew strongly during 2005. So far, its production services have been used most by TietoEnator's global businesses, especially Telecom & Media, although in the future the centre will provide services for all the business areas.

Expansion

At the end of 2005 TietoEnator had altogether roughly 1 000 employees in low-cost countries. The aim is to increase this number to around 2 000 by the end of 2006. In addition to Czech, TietoEnator has production centres in all the Baltic countries as well as China, Russia, Malaysia, India and Indonesia, giving the company a solid base on which to expand its production capacity fast while ensuring good quality levels. As it builds this global production network,

TietoEnator is able to flexibly exploit the different competence potential and cost structures offered by the various countries.

Demand for decentralized development services is expected to grow rapidly in the near future and TietoEnator is committed to offering its customers full-scale global production opportunities. In practice this will mean further expansion of the global production capacity to several thousand people in the years to come.

International operations call for **new service models**

During 2005 TietoEnator revamped the way its Processing & Network business area operates, to align it more closely with changing customer needs, to support the company's globalization process and to strengthen its competitiveness. The changes were based on a two-fold approach: on the one hand, ensuring worldwide support for TietoEnator's customers and, on the other, relocating TietoEnator's production operations to gain benefit both from centralization and from the advantages offered by low-cost countries. The Software Centre in Ostrava, Czech Republic, now also offers processing services.

TietoEnator's sphere of operations is becoming increasingly international. Many of its customers now operate globally and thus need uniform services regardless of country. To succeed as a service provider TietoEnator must be able to produce high-standard services efficiently and supply them at competitive prices. This means an increasing degree of cross-border service delivery, coupled with an ability to reduce costs and streamline service production models.

Typical of the service business today is the international trend to centralize production environments and technical infrastructure, to set up virtual competence centres, and to offer both services and expertise over data networks. In renewing its processing services TietoEnator has focused on centralization and standardization. This business model, along with

the vertical customer business areas and the Digital Innovations unit, forms a seamless end-to-end service chain for customers.

Structure of service business revised

Action to streamline the offering and cost structure to the competitive environment started in 2005 with TietoEnator centralizing its mainframe equipment in Helsinki, a project completed in September. Centralization gives the company increased flexibility for further developing its services, while customers benefit from the latest technology, a broader platform of expertise and improved security.

TietoEnator has operated a Software Centre in Ostrava, in the Czech Republic, since 2004. The centre's scope of activities was expanded in 2005 to cover also

processing services with the establishment of a new service centre for both existing and new customers. The new centre is initially providing selected services as well as supporting other Processing & Network units in various server management functions, while customers receive 24/7 service on a larger scale than before. Employees were recruited and the required infrastructure was built for the new service centre during the year, and the centre was also granted BS7799 data security certification in December.

The first pilot project for processing services produced at Ostrava was successfully completed in summer 2005. The transfer of new production responsibilities is under way and volumes are increasing all the time. At the beginning of 2006 the service centre was remotely supervising roughly 1200 Windows and Unix servers and more than 1000 network devices, as well as providing virus protection for over 75 000 end-users.

At the same time as centralizing infrastructure and production TietoEnator has been building strong customer service points in both Finland and Sweden. In the latter country this process is still ongoing and will be completed in the first half of 2006. In Finland, the new consolidated service model is being built in stages and is scheduled to be operating at full capacity during 2006.

To enhance its competences in customer relationship management, TietoEnator is also setting up a number of "virtual competence centres". These will bring together, among other things, the company's collective expertise in services related to specific customers and industries. In this way Processing & Network is aiming to gain the largest possible synergy benefits with company's vertical customer business areas.

Protecting intellectual capital grows in importance

TietoEnator is an expert organization whose operations and values are based on knowledge and intangible assets. Called "intellectual capital", these assets are assuming an ever increasing importance in business, making it imperative to manage and protect them systematically. TietoEnator, likewise, has taken measures to strengthen its approach to safeguarding its intellectual capital.

At the start of 2005 TietoEnator established a new unit called Intellectual Property Rights (IPR) to protect the company's intellectual assets, to facilitate the reuse, or repeatability, of the company's products and to manage the risks associated with them. Another central task of the unit is to distribute knowledge and awareness about intellectual property within the Group. In practice the IPR unit manages patents, trademarks and domain names on behalf of the Group as well as other intangible assets that can be protected by legal means.

Setting up this unit has given added emphasis to the importance of IPR. During 2005 the main work of the unit was to develop basic patenting functions and processes and to create awareness of IPR throughout the Group. TietoEnator also launched an invention award scheme for employees during the year with the aim of encouraging personnel to identify and develop inventions and in this way help the company as a whole to exploit the benefits of patenting as well as other intellectual properties.

Uniform operating models and processes strengthen competitive edge

In line with its strategy, TietoEnator is strengthening its international competitiveness by harmonizing its operating models, processes and services globally. In 2005 the company further developed its customer relations management and made strong progress in process and operating model harmonization throughout the Group.

At the beginning of 2004 TietoEnator decided to introduce a Common Business System (CBS) in order to reach the strategic targets set for international growth and for development of its service concepts. What customers increasingly expect from TietoEnator are solutions based on best practices learned by experience. The CBS helps TietoEnator to share and utilize throughout the Group the lessons it has learned with individual customers.

A development portfolio was defined for the CBS in 2004 and work started with the company's core delivery processes such as project management. This was followed in 2005 with development of key customer management and sales processes, and application management. Another important area was continuous improvement of the newly unified processes based on the experience now gained with them.

Sales process aims to offer solutions proactively

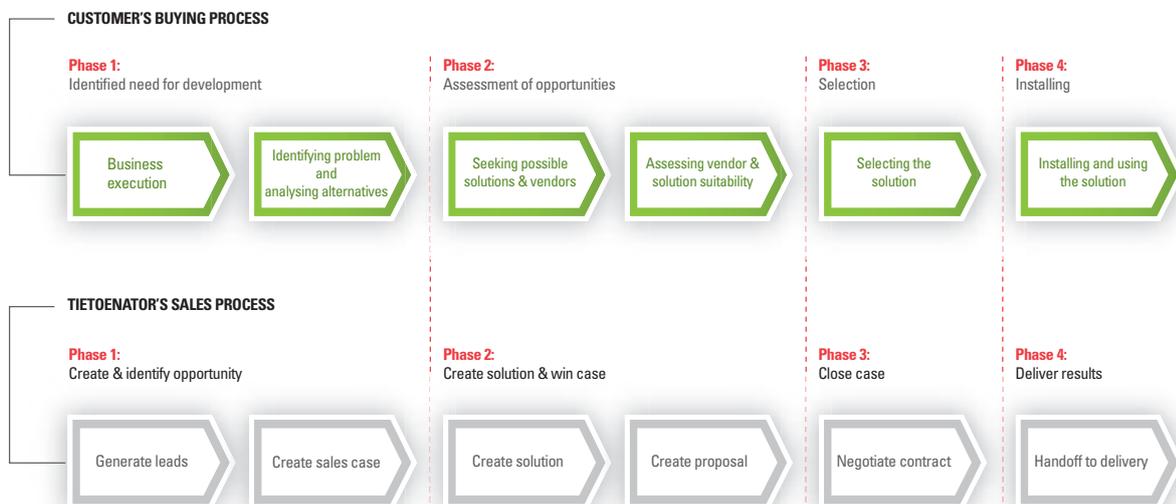
To grow organically and expand internationally, it is crucial that TietoEnator has an efficient and proactive sales model that enables the company to work

seamlessly not only when producing services but when offering its solutions as well. Offering solutions proactively needs to have a much more prominent role in TietoEnator's working culture.

TietoEnator's integrated, seamless end-to-end portfolio of services enables the company to give increasingly strong support to its customers by combining application development solutions with operations management services. This makes it easier and less risky for the customer to take advantage of TietoEnator's broad range of services. Creating and offering these services requires the company to apply unified Group-wide working methods coupled with a common customer management model and sales. For TietoEnator this change means greater efficiency and, through increased sales, organic growth.

It is essential for TietoEnator to take a uniform and consistent approach when offering its collective expertise to customers. Accordingly, based on its own best practices and benchmarking with other world-class providers, TietoEnator developed a new sales process at the end of 2004 that is especially suited

CUSTOMER'S BUYING PROCESS/TIETOENATOR'S SALES PROCESS



to key customer account management and solution sales. Progressive introduction of this process throughout the company continued during the whole of 2005 and was closely linked to the Strategic Customer Programme (SCP, page 44).

Along with the CRM information system in TietoEnator's ERP system, the new process also provides for more effective and uniform sales management as well as the ability to measure its effectiveness.

Roughly 1 500 TietoEnator people directly involved in sales and sales management have been or will be trained in the new sales process and CRM system. Embedding a new process in the organization is always the task of line management but where the CRM process is concerned the Strategic Customer Programme, and the Strategic Customer Operations function set up at the beginning of 2006, support implementation of the sales process and collect feedback for its further development.

Seamless end-to-end service for application lifecycle

During 2005 TietoEnator also focused on developing a seamless end-to-end service for application lifecycle, containing both application and operations management. This new process will replace a number of different processes used by the business units.

The main objectives for this development project were to:

- Establish a common, sufficient process model including process descriptions and support material (check-lists, templates, best practices, etc.) for application management operations in TietoEnator's vertical business areas,
- Harmonize this process model with the Processing & Network process model,
- Use ITIL* as a common framework, and
- Establish a common organizational model – i.e. Single Point of Contact (SPOC) for customers.

** ITIL (Information Technology Infrastructure Library) is a collection of guidelines and best practices related to the production of IT services. The processes it defines make it possible to produce top-quality IT services cost-effectively and securely.*

The new process (TE-ASM, TietoEnator Application Service Management) gives customers better control and transparency of applications, as well as cost-effectiveness, economies of scale and continuous improvement. This applies also in cases where a customer only buys application or operations management. For TietoEnator, the TE-ASM process generates more long-term contracts with a long and stable order backlog.

The TE-ASM process was implemented with two pilot customers in autumn 2005. Feedback was positive, and the process has been updated according to the comments received from customers.

The implementation of the TE-ASM process starts in early 2006 with training and building SPOC organizations with customers.

Harmonized project management improves project work

A large number of TietoEnator's deliveries to its customers consist of various projects. This has highlighted a strong need for introducing harmonized and high-standard project management, particularly in view of the tighter internal collaboration and integration TietoEnator has achieved and the start-up of common competence and production centres.

With this in mind TietoEnator developed a common project management process (TE PM) in 2004, defined its operating environment and began phasing it in. TE PM is based on the PPS methodology developed by TietoEnator itself and also licensed to a number of the company's customers. Phasing in of this harmonized project management process was completed in 2005 and the same process will also be introduced in newly acquired units as they are integrated.

Continuous improvement is a central aspect of TietoEnator's process culture and for that reason the project management process has likewise been improved, and its measurement harmonized, based on experience gained in various countries and customer environments.

TietoEnator enterprise resource planning (TERP)

A new centralized resource management system called TERP (TietoEnator Enterprise Resource Planning) was launched internally in 2004, and its adoption was continued throughout 2005. The new system replaces the earlier diverse and complex range of systems and procedures TietoEnator had inherited through acquisitions.

A unified information system that supports TietoEnator's different business logics ensures that the Group meets the targets it has set for control, rapid access to information, and the reliability of this information. In addition to the daily financial and human resource management functions, the system currently handles sales management and reporting of the Group's results.

Strategic Customer Operations to support organic growth and globalization

Over the next few years TietoEnator will focus on accelerating its organic growth and global expansion in selected customer segments, while raising operational efficiency. To support these objectives, at the end of 2005 the company announced the introduction of a new organizational structure to come into effect from the beginning of 2006. Part of this renewal involved establishing a new function, Strategic Customer Operations (SCO), comprising four new units: Strategic Customer Programme, Strategic Offering, Strategic Marketing, and Executive Advisors.

A central goal for TietoEnator in recent years has been expansion beyond the Nordic countries. To this end the company has carefully analysed new markets, accomplished major acquisitions in several European countries, and brought its service models even closer into line with customer needs. In order to strengthen its international growth, TietoEnator is focusing its resources on those sectors in which it has world-class expertise developed in the Nordic countries and which, for this reason, offer the company the best growth potential.

Strategic customer operations centralized

TietoEnator set up the new Strategic Customer Programme (SCP) unit at the beginning of 2005 to boost sales and concentrate on the Group's key customer accounts. SCP's aim is to enhance relations with the most important customers and coordinate customer relationship management and sales between TietoEnator's vertical, customer-focused business areas and the Processing & Network business area, which serves the whole Group. During the year the programme clearly highlighted the new measures necessary for accelerating TietoEnator's organic growth in the international marketplace. This action will be started at the beginning of 2006 within SCO, which is centrally responsible for all strategic customer operations.

SCO will continue implementation of the strategic customer programme and in addition its units will develop TietoEnator's strategic offering and marketing, as well as offer management consulting and advisory services in the field of business process digitalization to TietoEnator's internationally growing customer portfolio. The aim is to accelerate organic growth by offering the Central European markets services in which TietoEnator is extremely strong – competences

developed for the Nordic markets. TietoEnator is Europe's leading supplier of product development services in the telecoms business and a world-class expert in digitization of banking and healthcare service processes and the development of IT systems for the forest industry.

Digital services expert

TietoEnator's international growth depends above all on its ability to turn its business-specific services into total packages that are both more simply structured and suitable for the needs of widely differing customers. Once this is achieved, emphasis will be given to efficient and systematic sales, communication and marketing. In developing these activities SCO is collaborating closely with TietoEnator's vertical business areas, the Processing & Network business area and the Digital Innovations unit.

As it expands, TietoEnator is profiling itself in particular as an expert in digital self-service. Digitalization of business processes covers not only the development of self-services for various customer sectors but wide-ranging automation of their processes as well. TietoEnator's digital self-services, business process and information integration services, and new-generation voice application services for contact centres, are based on the company's deep knowledge of its customers' businesses; together, this comprehensive portfolio of services make TietoEnator the leading provider of services for networked businesses in Europe.

Where development of the service offering and go-to-market planning are concerned, TietoEnator works closely with its technology partners, a model that is beneficial for both parties. The technology partners are interested in TietoEnator's expertise in specific business sectors, while TietoEnator will benefit from

the technological expertise of its partners. An important aspect of this co-operation is the Digitalizing Framework project, which brings together the company's best e-service concepts, solutions and working practices along with the latest technical innovations of the technology partners. The aim of this project is to reach synergies by replicating and applying

solutions tested in different parts of TietoEnator and offering these to customers in different industries. TietoEnator is a pioneer in Northern Europe in the exploitation of electronic self-services and automation.

The Strategic Customer Operations organization is shown in more detail on page 31.

TietoEnator's partnership models in a rapidly evolving market

The market for information technology services changed profoundly at the turn of the millennium as the decades-long growth trend levelled off and demand slackened in pace with GDP. This trend is particularly significant in that it affects both IT providers as well as their customers. The resource services of old are now being replaced almost entirely by two new forms of service: highly specialized services driven by true value creation, and highly standardized commodity services subject to heavy price pressure. TietoEnator is refining its offerings to meet the challenges thrown up by this market trend.

Three fundamentally different ways of doing business in IT services are now evident: resource, commodity and value-added models.

The resource model

The resource model prevailed at a time when corporations maintained their IT systems in a relatively stable environment. IT leadership was a lot less complex than today and companies kept it entirely under their own control. Only resources were purchased from outside and in many sectors even these were sourced internally.

As IT services took a rapidly growing share of GDP, there was a continuous need for resources, so the first priority of service providers was to offer companies the availability of extra resources. The best combination was personnel with technology know-how and a knowledge of the customer's business. Since resources were in short supply, companies were prepared to pay well for them. In this operating model the service provider's risks were

very small, but so was the scalability as growth was directly linked to the growing volume of hours sold.

The commodity model

When resources started to reach the market in abundance, customer purchasing departments rapidly sharpened their professional skills. Service providers were pitted against each other in tenders to reach the best price available. For customer companies, the weakness of this model lay in the fact that forcing providers to compete on price led to optimization only in external prices and not in business development, the financial significance of which is many times greater to the company.

For service providers, on the other hand, price competition led to a situation of "hyper-competition" in which it always suited one party to offer their services below the prevailing price level. To beat the competition, providers improved their processes, standardized their services and started to heavily increase the sourcing of resources from low-cost countries. In

this model, economies of scale yield major benefits. Business risks are considerably higher than in the resource model because companies have to grow and consolidate in a deflating market in which recouping investment costs is extremely uncertain.

The value-added model

An increasingly complex business environment, coupled with the need for companies to modify their business processes, operating models and structures in addition to successive generations of core applications, has led to the emergence of a new operating concept, the value-added model. Here, the customer is no longer alone in carrying the management burden of creating value but instead shares this with their service provider network. This model has given rise to the concept of the Service Value Agreement (SVA), under which the customer and the service provider jointly decide what value will be created and how the yield generated by this added value should be shared. In this model the benefits to the customer's business can be extremely large compared to the IT investment outlay.

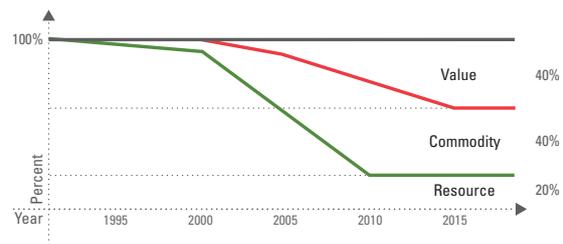
All this demonstrates that market changes have a central impact on the tasks for which IT managers are responsible. Owing to the increasing complexity of the business environment and the ever faster pace of change, IT managers often find it difficult to see the full picture and exploit their own resources and those of their service providers to optimal effect. For this reason there has emerged a need to use the IT market to simplify the management environment. As service providers take responsibility for maintaining and developing a company's IT systems, IT management can concentrate on what their company wants IT to do to accomplish its business objectives. SVAs are intended to create effective incentives for the service provider to generate the greatest possible added value.

Adoption of the value-added model has been slow because it requires the service provider to bring a wide range of competences in an integrated package. Consequently many service providers are specializing in specific business sectors or even smaller segments within them. In contrast to the commodity model, now also smaller and highly specialized companies are able in their own sectors to compete successfully with the large global operators which, due to their size, need to "specialize" in everything in order to grow.

The prices of value-added services cannot in the longer term be very different from prices in the commodity world. Yet it must be possible for service providers to receive compensation for taking on their customers' risks, which is inevitably leading to

a variety of yield-sharing models. As this model is increasingly adopted, providers are accepting risk-taking and risk management as success factors rather than avoiding them, as in the past. They realize they must take risks by developing new tools and services in anticipation of their customers' needs, while at the same time indirectly assuming some of their customers' business risks. This marks an enormous change and challenge for service providers.

ICT SERVICE MARKET DISRUPTION



Until the new millennium, most IT services were a matter of selling resources. This was rapidly followed by the commodity model, which spurred a sharp increase in business. Demand for value-added services has started to emerge in recent years and this model is expected to take a significant share of the market over the next decade. Since value-added services also always include commodity elements, the border separating the two is a grey area. It is quite likely that there will continue to be some demand for purely resource services in the future as well.

TietoEnator's partnership model

A large part of the old resource supply market in the IT services sector is quickly turning into commodities subject to tough price competition, at the same time as customers experience increasing pressure to transform. In this situation TietoEnator's challenge is to combine value-added and commodity services into integrated competitive packages that raise the business efficiency of its customers. This calls for an ability to offer both cost-competitive basic services and highly specialized solutions and systems that differentiate the company from its competitors.

To reach these goals, TietoEnator has developed four partnership models from its traditional outsourcing services that together form a seamless end-to-end service chain.

Joinsourcing TietoEnator pulls together its processing and network management, applications management and applications development services into complete packages tailored to its customers' needs, to improve the customer's IT efficiency. Characteristic of this activity is operational transparency between the customer and TietoEnator in both directions, and in some cases determining TietoEnator's compensation for its services partly according to how the customer's business objectives are fulfilled.

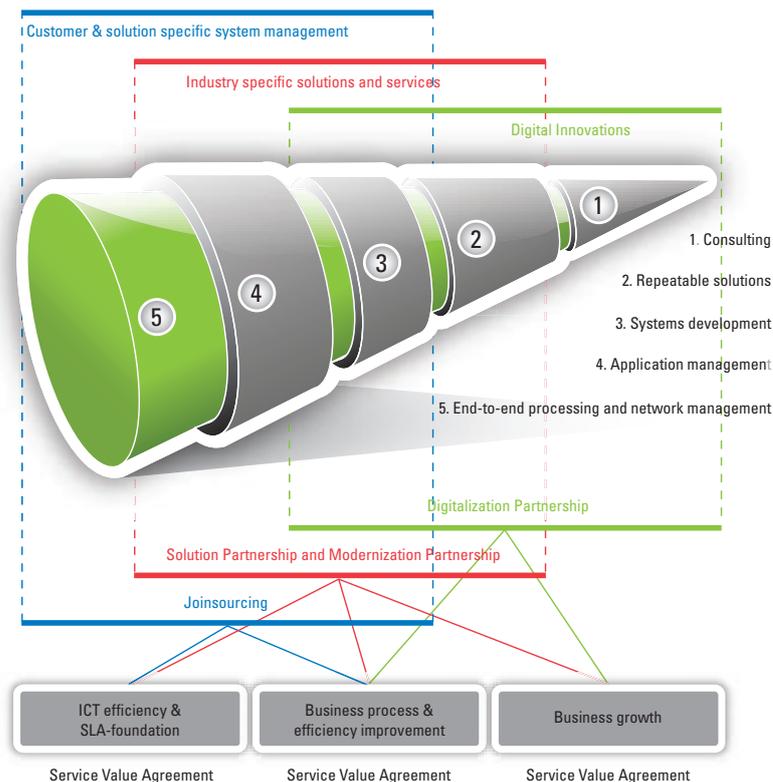
Solution Partnership TietoEnator renews its customer's core systems, or parts of them, while the customer keeps overall management of the renewal process and control of their existing systems. New systems are typically based on TietoEnator's own sector-specific solutions and digitalization tools along with world-leading application and platform products.

Modernization Partnership This combines TietoEnator's basic Joinsourcing and Solution Partnership models. Here, TietoEnator consolidates the custom-

er's system base and takes responsibility for the customer's existing core systems and their renewal. This service model is specific to certain business sectors and, increasingly, involves enhancing the customer's business processes and efficiency as well.

Digitalization Partnership Digitalizing operations for business development and growth. This model is often applied for developing self-service solutions and generally requires core system renewal. In the traditional model of process digitalization customers are themselves responsible for process digitalization and other changes using TietoEnator's tools. However, under the new model, which is rapidly gaining in popularity, the customer transfers their existing processes to TietoEnator, which digitalizes them through automation and innovations, returning them to the customer as a developed service. To an increasing extent TietoEnator also develops entirely new digitalized business operations for the customer.

END-TO-END VALUE OFFERINGS



Striding ahead in Vendor Relations Management

For the past few years, TietoEnator has increasingly been using third-party products and know-how as a part of its key offerings when applicable. This has enabled the company to focus even more on its customers' business challenges instead of basic technology issues. As a result, very active and deep corporate-level relationships have been formed between TietoEnator and its key technology vendors. In 2005, TietoEnator succeeded in establishing the highest possible partnership levels with all of its relevant technology partners, which creates significant advantages for both parties as well as for TietoEnator's customers.

2005 was a year of consolidation among technology providers. The large technology companies such as Oracle, SAP, IBM, BEA and Microsoft were actively buying more companies, and the consolidation process is likely to continue.

Another current trend is a shift in the product offering of these large technology vendors: they are complementing their generic product range with vertical, sector-specific products and frameworks. TietoEnator will keep a very close eye on this process of certain vertical products gradually becoming commodities. As the vendor market develops, TietoEnator will further align its own portfolio to match this trend. For the vendors, their new, vertical products are a further incentive for intensifying co-operation with TietoEnator. The ultimate purpose of this co-operation is to ensure that the customer gets an optimal solution that also forms a good platform for future development.

Far from compromising TietoEnator's competitive position, these recent developments in the operating environment have in fact rather strengthened it, thanks to TietoEnator's strategy based on vertical specialization and a high-value-added service offering. Through deeper vendor relations TietoEnator is now able to get more information on vendors' future plans and aspirations at an early stage. This is helping TietoEnator to embed the vendors' new technologies in its Digitalizing Framework (see page 45) and vertical solutions, making them more competitive. It also makes it possible for TietoEnator to position its vertical solutions and corresponding services in order to avoid the trap of staying too long with in-house solutions as the application domains commoditize.

Partnerships reach new levels

The increasing use of third-party products as parts of TietoEnator's offerings has called for a systematic, integrated approach to vendor relations management. Accordingly, a Vendor Relations Management team, representing different parts of the Group, was established in 2004. The team's aim is to integrate TietoEnator's internal vendor relations management activities while creating improved synergies between technology vendors and the company.

The Vendor Relations Management team has worked actively to develop relations with the selected key vendors, and during 2005 achieved the highest possible partnership levels with all relevant vendors. TietoEnator is now considered a major partner by each of these key vendors, which means a significantly deeper level of co-operation than before. The large technology providers have assigned additional resources to their partnerships with TietoEnator, and the companies engage in shared research & development projects, strategic vertical go-to-market planning and marketing activities.

Vendor relations management in all of TietoEnator's countries of operation has been aligned with the key vendors in order to achieve global terms and conditions and, also importantly, to put TietoEnator on the map of the technology vendors in all geographical regions. Consequently, TietoEnator is today a recognized large player in all of its major operating countries, which ensures the maximum attention for the company and its customers in all of them.

Integrating vendor relations management has reduced the number of TietoEnator's vendor contacts and contracts dramatically. The company is now

down to a very few global contracts, which enables it to get the most favourable terms possible from its vendors and improves the clarity, simplicity and efficiency of the vendor relations management operation.

Vendor partnerships have already created very significant added value for TietoEnator through savings in software and technology costs as well as through more efficient operating models and, very importantly, more business with key customers based on joint offerings.

Co-operation continues and intensifies

After a very productive learning period lasting a few years, TietoEnator is now aiming for even deeper

strategic co-operation with its technology partners.

TietoEnator itself will continue to move up the technology chain and making its vertical offerings more specialized. The use of vendors' software will grow in importance and, applying both horizontal technologies and best-of-breed products, the number of joint customer partnerships will increase. As the number increases, certified skills to integrate the software from different vendors and a combined sales effort with commonly set targets will be essential for TietoEnator as it strives towards its strategic goals.

Increased attention on **Corporate Responsibility**

Being responsible for people and the environment enhances a company's long-term economic performance. Good economic performance in turn establishes a strong basis for the environmental and social aspects of Corporate Responsibility. TietoEnator has successfully demonstrated its ability to operate in a sustainable manner that meets the ethical, legal, commercial and public expectations society sets for business. In 2005 the company launched its Corporate Responsibility Framework establishing revised and new policies in the area of corporate responsibility.

It is only during the past few years that corporate responsibility issues have appeared on the agendas of IT service industry companies on a larger scale. There are several reasons for this. Since IT services is considered an environmentally low-impact industry, the attention on environmental issues has traditionally been rather low among these companies. With a highly educated workforce and knowledge-intensive business operations, human resources have always had a strategic role in the management of these companies. For TietoEnator, which operates mainly in the Nordic countries, local legislation and Nordic busi-

ness practices have taken care of many issues related to corporate responsibility.

During the 2000s the increased attention from SRI (Socially Responsible Investment) investors, as well as the globalization of both IT services companies and their customers, are creating the need to develop group-level policies for corporate responsibility issues. Also young professionals look carefully at these issues when evaluating the attractiveness of an employer.

Corporate Responsibility at TietoEnator

TietoEnator is a member of three sustainability indices: Ethibel Sustainability Index (ESI), FTSE4Good and Kempen SNS Smaller Europe SRI Index. According to these research bodies, TietoEnator's capabilities in mitigating the challenges in the economic dimension are among the best in the industry. In the environmental dimension, TietoEnator lags behind the industry average, due mainly to the hitherto low emphasis on environmental reporting. In the social dimension, however, TietoEnator's performance is above average.

In 2004 TietoEnator established a permanent Corporate Responsibility Steering Group including senior executives responsible for the different areas of Corporate Responsibility. The steering group meets quarterly to coordinate activities and follow-up and steer the implementation of the Corporate Responsibility Framework in the Business Areas. Corporate Responsibility themes were included in the functional action plans for 2005.

Corporate Responsibility Framework

In early 2005, TietoEnator launched its Corporate Responsibility Framework covering the topic areas of corporate governance, code of conduct, human resources, occupational health and safety, and the environment. In this connection, the company adopted an updated Code of Conduct and new policies in the areas of occupational health and safety, the environment and human resources. The Corporate Responsibility Framework is aligned with the guidelines and definitions in the United Nations Global Compact Initiative and Social Accountability International, SA 8000.

Corporate Governance

TietoEnator is fully committed to good corporate governance and complies with the Finnish 'Corporate Governance Recommendation for Listed Companies' issued by OMX Helsinki, the Central Chamber

of Commerce of Finland and the Confederation of Finnish Industry and Employers, and which came into force on 1 July 2004. Further information on TietoEnator's corporate governance is given on pages 53-57 of this report.

Code of Conduct

The purpose of TietoEnator's Code of Conduct is to communicate the company's common set of ethical values and business principles to its stakeholders and to give internal guidance in the daily pursuit of Building the Information Society, the company's mission.

TietoEnator's business operations worldwide are based on high ethical standards. The company promotes fair competition in accordance with applicable laws. It is expected that employees compete vigorously and fairly in their conduct of business.

In all of its operating countries, TietoEnator abides by the laws and regulations of that country. In situations where the law does not give guidance, TietoEnator applies its own standards based on its corporate values and culture.

Human Resources Policy

TietoEnator's Human Resources Policy sets out basic human resources principles and workplace practices. The policy supplements the TietoEnator HR Strategy, which describes the mission, goals and development processes specific to TietoEnator's human resources.

TietoEnator supports and respects the principles set out in the Universal Declaration of Human Rights. The minimum requirement of responsibility for TietoEnator is to comply with the legal principles applicable in the country of operation, and the responsibilities within HR are aligned with national legislations in this area.

Environmental Policy

TietoEnator's mission is Building the Information Society. The company fulfils its mission by consulting, developing and hosting its customers' digital



businesses. TietoEnator's definition of the information society is an economy where a major part of all products and services is produced, distributed and consumed in digital form over data networks. This enables customers to receive their products and services faster, more economically, more securely and with less impact on the environment. A more developed information society represents TietoEnator's contribution to civilization that has a lower burden on the environment.

TietoEnator supports a precautionary approach to environmental challenges and a responsible way of conducting its own business operations. For TietoEnator 'a responsible way' of conducting business operations means:

- Careful use of natural resources
- An ambition to introduce active behaviour to minimize environmental load before this occurs rather than reacting to inappropriate and environmentally unfriendly behaviour.

In accordance with this policy TietoEnator complies with all applicable environmental laws and common business practices in the IT services industry and strives to manage all phases of its business in a manner that reduces the impact of its operations on the environment.

Occupational Health and Safety Policy

All employees in TietoEnator have the right to a good working environment and a good balance between work and spare time. The physical and psycho-social well-being of employees is important and fundamental to the way TietoEnator conducts its business. The company's objective is to proactively avoid any physical or mental illness caused by the work environment.

TietoEnator recognizes and accepts its responsibility as an employer to provide a safe and healthy workplace and work environment for its employees and others who are visiting or working in its premises.

The minimum requirements of responsibility for TietoEnator are to comply with the legal principles applicable in the country of operation and applicable collective bargaining agreements.

The complete presentation of TietoEnator's Corporate Responsibility Framework is available on the corporate website at www.tietoenator.com/cr.

Corporate governance

Fully committed to good corporate governance

“

The French R&D unit with over a hundred employees became a part of TietoEnator through the acquisition of S.E.S.A.”

Ms Angeline Erambert, Reception Hostess, Telecom R&D, France.



TietoEnator is fully committed to good corporate governance and complies with the Finnish Corporate Governance Recommendation for Listed Companies issued by OMX Helsinki, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industry and Employers.

The Annual General Meeting

The Annual General Meeting (AGM) is the supreme decision-making body of the company. It elects the members of the Board of Directors and auditors, decides on their compensation and discharges the company's officers from liability. The AGM's approval is further required for option programmes and Board authorizations for share repurchases and share issues, for example. The AGM also makes the final decision on the Board's dividend proposal. It convenes annually, usually in March. Extraordinary General Meetings (EGM) are arranged if necessary during the year.

In 2005 the AGM convened on 17 March at TietoEnator's head office in Espoo, Finland. Altogether 17 282 shareholders and 11 783 218 shares (14.2 % of the total outstanding) were represented in the meeting. All decisions were made unanimously without voting. There were no extraordinary meetings in 2005.

The Board of Directors

This section represents a summary of the working orders of TietoEnator's Board of Directors.

The Board shall comply with current Finnish legislation, in particular the stipulations of the Finnish Companies Act and the Securities Market Act, and the regulations of the Stock Exchanges on which the company's shares are listed. The Board forms a quorum when more than half of its members are present. Decisions are made by a simple majority of votes. In the event of even voting the Chairman's vote shall decide. The Board draws up an annual plan of action.

Composition and election

The Board's Compensation and Nomination Committee prepares a proposal on the composition of the Board, which is then put to the Annual General Meeting for its decision. TietoEnator's Board has at least six and at most twelve members and each of the members have a term of office of one year. Board members shall be professionally competent and a substantial majority of Board members shall be independent of the company (not employed by the company and not having any material connection that might influence their independence). Further, a person who has reached

the age of 68 may not be elected as a Board member. Besides the members selected by the AGM, the company's personnel will elect two representatives to the Board. This will be done by the personnel representatives of the TietoEnator Group Personnel Representative Body (PRB). The Board selects a chairman and a deputy chairman from among its members. Following the 2005 AGM, the Board has had six non-executive directors (including the Chairman and Vice Chairman), TietoEnator's President and CEO, and the two personnel representatives.

In October 2005 at the same time as appointing Pentti Heikkinen as the Group's President and CEO from the beginning 2006, TietoEnator's Board of Directors elected the preceding President and CEO Matti Lehti as the Executive Chairman (has a service contract with the company, but not full-time Chairman) from 1 January 2006. The Board's composition did not change.

Assessment of the Board

The performance of the Board is assessed annually. The assessment examines how the Board's annual plan has been implemented, what various stakeholders expect from the Board, whether the Board's working orders are up-to-date and how effectively the Board has worked. The assessment is taken into consideration when drawing up the proposed composition of the Board and its following annual plan. The assessment of the Board's performance took place in November 2005.

Tasks of the Board

The overall task of the Board is to direct the company's activities in a way that generates maximum shareholder value in the long term, at the same time observing the expectations of its various stakeholders. More specifically the Board:

- confirms the company's values, strategy and organizational structure
- defines the company's dividend policy
- approves the company's annual plan and budget and supervises their implementation
- monitors management succession issues (appoints and discharges the CEO)
- decides on the CEO's compensation, sets annual targets and evaluates their accomplishment
- revises the major risks and their management at least once a year
- reviews and approves interim reports, annual reports and financial statements
- reviews and approves central policies
- meets the company's auditors at least once a year without the company's executive management
- decides on the proposal to the AGM regarding Board members and their compensation

- appoints the members and chairmen of the Board's committees and defines their charters
- evaluates its own activities.

Board meetings

The Board has meetings scheduled every one to two months. In 2005, it convened 15 times and the average attendance was 93 %. The Board met once without the executive management present during the year. With the auditors the Board met once, and without the executive management. The Board of Directors is presented on pages 58-59 including their share ownerships in TietoEnator.

Board committees

Board committees assist the Board by preparing matters for which the Board is responsible. The Board defines the charters of the committees and decides on their composition. The entire Board, however, remains responsible for the duties assigned to the committees.

Compensation and Nomination Committee

The Compensation and Nomination Committee comprises two non-executive independent directors who are elected by the Board. The committee meets regularly at least twice a year. The Chairman of the committee presents a report on each meeting to the Board. The main tasks of the committee are to:

- prepare for the Board's decisions the principles of executive compensation, the compensation of the CEO and his immediate subordinates, and the principles of personnel compensation
- prepare for the Board's decision option schemes and other share derivative incentive schemes
- monitor the targets of the compensation schemes, implementation of the compensation schemes, performance assessment and compensation determination
- prepare for the AGM a proposal on the composition of the Board and the compensation of the directors
- prepare for the Board a proposal for the Chairman and Vice Chairman
- prepare a proposal on the Board's working orders
- prepare a proposal on the committee members and chairmen
- conduct an annual assessment of the Chairman and Board members
- monitor corporate governance.

Based on the Board's decision in March 2005, the Compensation and Nomination Committee is composed of Kalevi Kontinen (Chairman) and Bengt Halse. In 2005 the committee met 7 times and the attendance was 100%. The main issues of the Compensation of Nomination Committee in 2005 were salary reviews for the

Corporate Management Team, stock option allocation, short-term and long-term incentive plans and management succession and CEO search.

Audit and Risk Committee

The Audit and Risk Committee comprises three non-executive independent directors who are elected by the Board. At least one committee member must be a financial expert. The committee convenes regularly at least four times a year and meets the company's auditors also without the company's management. The Chairman of the committee presents a report on each meeting to the Board. The main tasks of the committee are to:

- discuss the annual and interim financial statements
- review significant and unusual business events
- review drafts of the annual and interim reports, and the company's accounting principles
- assess compliance with legislation, regulations, and the company's code of conduct
- evaluate the sufficiency of the internal control system
- examine, assess and approve the audit plan for the internal audit
- review management's assessments of significant risks, assess the coverage of risk management and its development plan and major risk positions
- prepare the nomination of the company's auditors and assess their compensation
- assess the external audit plan
- examine the auditors' reports and consult with the auditors on any matters that should be brought to the Board's attention
- assess the quality and scope of the audit
- decides on the proposal to the AGM regarding auditors and their compensation.

Based on the Board's decision in March 2005, the Audit and Risk Committee is composed of Anders Ullberg (Chairman), Olli Martikainen and Olli Riikkala. In 2005 the committee met 8 times and the average attendance was 96%. The main issues considered by the Audit and Risk Committee in 2005 were to review the coverage of risk management and major risks and the tender process for external auditors.

Executive management

TietoEnator renewed its executive management structure at the end of 2005. The structure and responsibilities described here are effective from the beginning of 2006, whereas the 2005 structure is described in the corporate governance text of the Business Review 2004.

The President and CEO is appointed by the Board. The President and CEO is responsible for the financial performance of the Group as well as for its day-to-day management and administration in accordance with

the law and the instructions and orders of the Board. It is the duty of the President and CEO to ensure that the company's accounting methods comply with the law and that financial matters are handled in a reliable manner. The President and CEO together with Deputy CEO form a unified CEO team. The Deputy CEO participates in management of the business operations together with the President and CEO.

The President and CEO chairs the Corporate Management Team (CMT), which in addition to the CEO comprises the Deputy CEO, the business area presidents, the senior vice presidents of Strategic Customer Operations and Strategic Offering and the corporate management executives. The purpose of the CMT is to assist the President and CEO in fulfilling his responsibilities. The business area presidents are responsible for the financial performance, development and supervision of their business areas. The corporate management executives are responsible for Group-level co-ordination and management of their respective areas. The entire executive management shares the task of ensuring compliance with all current legislation, regulations, the Group's operating principles and the Board's decisions throughout the company. The executive management is presented on pages 60-63 including their share ownerships and holdings of warrants and options.

TietoEnator established a Development Management Team in spring 2004 to support the work of the executive management and to co-ordinate the various development activities in the Group. The Development Management Team is chaired by the President and CEO and includes the Deputy CEO, the business area presidents, the senior vice presidents of Operational Excellence, Strategic Customer Operations and Strategic Offering and HR, the Chief Information/Technology Officer, and the vice presidents of Process Development and Global Sourcing.

Operative group structure

The Group's operative management consists of the President and CEO, the Corporate Management Team, the business areas, their presidents and management boards, the business units and sub-business units. The basic operating units of TietoEnator are its business units. These usually include operations serving the same customer or customer sector or that share the same business logic. Both business areas and business units are assigned clear financial and operational targets. They normally take their own decisions and are responsible for their own operations, however within the guidelines and policies set by the Board and corporate management. They are also responsible for setting their own guidelines and policies to make sure that control reaches all levels of the organization. In matters of significance for the whole group, decision-making is transferred to higher quarters to improve the overall control of the Group.

Compensation principles

The compensation of Board members is decided by the AGM based on a proposal prepared by the Compensation and Nomination Committee of the Board. According to the decision of the AGM, members of the Board of Directors receive fixed monthly cash compensation that is specified in Note 6 of the Financial Statements. Board compensation does not include the company's shares or share derivatives. TietoEnator's executives or employees are not entitled to compensation for their Board attendance. Committee members do not receive any additional compensation for attendance at their committee meetings.

The Board of Directors decides on the compensation of the President and CEO based on a proposal by the Compensation and Nomination Committee. The President and CEO's salary, bonuses and other benefits are also specified in Note 6 of the Financial Statements.

Executive management compensation consists of a base salary, an annual bonus and long-term incentives such as option programmes or other share-based programmes. The compensation of the whole executive management is summarized in Note 6 of the Financial Statements.

The Compensation and Nomination Committee is also responsible for preparing the principles underlying the compensation of other personnel and for option or other share derivative incentive schemes applying to the executive management or other employees. In 2005 the Board of Directors introduced a new share ownership plan to key employees which came into effect from 2006. The annually allocated amount of the rewards will depend on fulfilment of the performance targets set by the Board of Directors annually.

Internal control and risk management

Risk management is seen as an integral part of good management practices in TietoEnator. The corporate risk management policy defines the concept of risk, the risk management framework, and the responsibility for risks within TietoEnator.

TietoEnator's risk management framework consists of structured processes and practices integrated into Group, business area and business unit systems in order to systematically identify, analyse, evaluate, treat, monitor and communicate risks. Responsibility for risks cannot be separated from business operations. Each manager is responsible for managing the risks related to his business.

Risks have been categorized into four areas: strategic, operational, financial and insurable. Strategic risks may have an impact on the achievement of the strategic goals. Thus the identification and analysis of strategic risks, and the actions taken to mitigate these risks, are embedded in the planning system. The management of operational risks is integrated into the

core business processes and is described in the business system. Certain operations that the company sees as critical to its business, such as the management of financial risks, continuity of operations and corporate security, have separate risk management plans and programmes.

Risks arising from the company's operations and related to property, interruption of operations and liability for damage are covered by appropriate corporate-level insurance policies. Local legislation and practices set various requirements on insurable exposures, such as the insurance coverage of employees. These insurable exposures are addressed locally.

The Audit and Risk Committee has reviewed the coverage of risk management and management's assessment of significant risks and the coverage of the insurance policies.

The internal controls are embedded in TietoEnator's management systems. The definition and follow-up of decision-making responsibilities and authority within the Group form the basis of internal control. Internal financial control is based on thorough financial monitoring where actual figures are compared to plans, forecasts and previous periods. Operational risks are controlled through the business systems implemented at TietoEnator's business units, including internal and external audits. The company has decided to establish a separate Risk Management / Internal Audit function with a direct reporting line to the Audit and Risk Committee.

Business contingency planning and corporate security

The Group continued to implement an unified incident management process during 2005. Security risks are divided into two main categories: those based on ICT (Information and Communications Technology) and those based on physical or personnel security. Corporate-level security policies, rules and guidelines cover both main categories. Business unit compliance with corporate-level security documentation is verified through unit self-assessments and audits. Audit procedures cover both ICT infrastructure and physical site security.

Steering system

The basis of the control and management of the Group's business operations are the planning and reporting systems. The steering system is based on the balanced scorecard principles so that in addition to the financial targets and metrics also customer, personnel and internal processes are given specified targets and indicators. The planning system comprises strategic plans, revised annually, and annual action plans based on them. All these plans are confirmed by the company's Board of Directors. The reporting system consists of monthly performance reports, rolling forecasts and quarterly internal and published financial reports.

Key performance indicators and investment criteria

The company's key financial indicators are net sales, operating profit (EBIT) and EPS. These are used in the planning and follow-up reports of the steering system and also in investment calculations. EVA (economic value added) is used especially in supporting investment decisions. The key personnel indicators are personnel satisfaction and the preferred employer index. TietoEnator also performs regular customer satisfaction surveys in addition to project and service-based feedback to gain its customers' opinions. The maturity, efficiency and performance of internal business processes is monitored at the business unit level.

Insiders

TietoEnator operates an insider policy based on the insider guidelines issued by the Helsinki Exchanges. TietoEnator's insider policy defines insider information and prohibits its abuse, defines different categories of insiders, and stipulates the maintenance of insider registers and the management of insider issues. TietoEnator's General Counsel is responsible for the management of insider issues, which include internal communication and training, preparation and maintenance of insider registers, and documentation of insider declarations, The insider policy in full, and the holdings of TietoEnator's insiders with a duty to declare, are available at www.tietoenator.com.

Auditors

TietoEnator Corporation's auditors are appointed by the Annual General Meeting. Since the 2005 AGM the company has had two auditors: Tomi Englund, APA, and the firm of authorized public accountants Ernst & Young, principal auditor Sven-Erik Guarnieri, APA. The Group companies have been, with few exceptions, audited by Ernst & Young International member firms.

In February 2006 the Audit and Risk Committee made a proposal to the 2006 Annual General Meeting to appoint PricewaterhouseCoopers Oy as the company's new auditors.

The parent company auditors are responsible for planning, co-ordinating and supervising the audit of the entire Group. The audit plan is revised annually in co-operation with Group management and the Audit and Risk Committee to address changed requirements. The company's auditors meet the whole Board of Directors at least once a year and the Audit and Risk Committee regularly, also without the company's management. The auditors submit their report to the company's shareholders at the Annual General Meeting.

The compensation to the auditors is decided by the AGM and assessed by the Audit and Risk Committee. In 2005 TietoEnator Group paid the auditors a total of EUR 1.5 million for auditing and EUR 1.1 million for consulting (EUR 1.3 and 0.6 million in 2004).

Communication

The governance section on TietoEnator's website (www.tietoenator.com/governance) includes information on TietoEnator's governance principles like information on the Annual General Meeting, articles of association, Board of Directors, executive management and auditors. The Investors section of the website (www.tietoenator.com/investors) includes basic information on shares, share price development, financial information, and the company's annual and interim reports. The Press Room (www.tietoenator.com/press) provides an archive of TietoEnator's stock exchange releases dating back to 1996.

Board of Directors



Chairman (from 1 January 2006) **Matti Lehti**, b. 1947, nationality Finnish
not full-time, dependent Board member

Board member since 1988
PhD (Econ.)

Chancellor of Helsinki School of Economics
Chairman of the Foundation for Economic Education and Federation of the Finnish Information Industries,
Deputy Chairman of Helsinki School of Economics Foundation
Board Member of Confederation of Finnish Industries EK, Fortum Corporation and Jaakko Pöyry Group

President and CEO, TietoEnator Corporation, 1989-2005
Deputy Managing Director, Rautakirja Oy, 1986-1989

TietoEnator shares: 55 000
Right to subscribe for 95 000 shares



Chairman (until 31 December 2005) **Kalevi Kontinen**, b. 1941, nationality Finnish
non-executive, independent Board member

Board member since 1990, Chairman 2004-2005
Chairman of the Compensation and Nomination Committee
PhD (Tech.)

Principal Fellow in Nokia Business Infrastructure

Member of the Board of Nice Business Solutions Finland Oy

Executive Vice President, Member of the Group Executive Board of MeritaNordbanken, 1995-2000
Member of the Board of Union Bank of Finland, 1984-1995

TietoEnator shares: 3 000



Vice Chairman **Anders Ullberg**, b. 1946, nationality Swedish
non-executive, independent Board member

Board member since 1999, Deputy Chairman since 2004
Chairman of the Audit and Risk Committee

MBA

President and CEO of SSAB Swedish Steel
Chairman of the Board of Eneqvistbolagen, Jernkontoret and Boliden
Member of the Board of Atlas Copco, Skandia and SSAB Swedish Steel

Executive Vice President and CFO of SSAB Swedish Steel, 1984-2000
Vice President Corporate Control of Swedyards (Celsius Group), 1978-1984

TietoEnator shares: 1 000



Mariana Burenstam Linder, b. 1957, nationality Sweden
non-executive, independent Board member

Board member since 2005

MSc. (Econ.)

Managing Partner at Burenstam & Partners AB
President at Ainax AB
Member of the Board: Säkl, BTS Group, Kontanten and Burenstam & Partners

TietoEnator shares: 100



Elisabeth Eriksson, b.1962, nationality Swedish
Employee representative on the Board since 2000

BSc (Syst. An.)

Systems developer, TietoEnator Government, Manufacturing & Retail
Member of the Board of Jusek Union Executive Committee

TietoEnator shares: 0



Bengt Halse, b. 1943, nationality Swedish
non-executive, independent Board member

Board member since 2004

Member of the Compensation and Nomination Committee

PhD (Eng.)

Dr. Eng.h.c. at the Linköping University

Member of the Board of Comhem AB, OMX AB and Denel (Pty) Ltd

CEO, Saab AB, 1995-2003

Various positions in Ericsson Group, 1974-1995

TietoEnator shares: 1 000



Olli Martikainen, b. 1953, nationality Finnish
non-executive, independent Board member

Board member since 2000

Member of the Audit and Risk Committee

PhD (Math.), MSc (Eng.)

Associate Research Fellow, the Research Institute of the Finnish Economy (ETLA)

Professor, University of Oulu

Supervisory Board Member of Siemens Osakeyhtiö

Member of The Finnish Academies of Technology

Vice President R&D, Telecom Finland Oy, 1994–1997

TietoEnator shares: 0



Olli Riikkala, b. 1951, nationality Finnish
non-executive, independent Board member

Board member since 2004

Member of the Audit and Risk Committee

MSc. (Eng.), BSc. (Econ.), MBA

Senior Advisor, GE Healthcare Information Technologies

Chairman of the Board of Helvar Merca Oy Ab and Comptel Oyj

Member of the Board of Fiskars Corporation, Efore Oyj and Orion Oyj

CEO, Europe, Middle East and Africa, GE Healthcare Information Technologies, 2002-2004

President and CEO, Instrumentarium Corporation, 1997-2003, member of the Board, 1987-2003

Various positions in Instrumentarium since 1979

TietoEnator shares: 0



Pirjo Salo, b.1952, nationality Finnish
Employee representative on the Board since 2004

BSc. (Eng.)

Specialist, mentor, TietoEnator Government, Manufacturing & Retail

TietoEnator shares: 0

Right to subscribe for 395 shares

No changes in board members' shareholdings in 2005.

Executive Management



Pentti Heikkinen, b. 1960, nationality Finnish, MSc (Econ.)
 Joined the company 1996
 President and CEO, from 1 January 2006
 Chairman of Corporate Management Team
 Chief Operating Officer 2004-2005
 President, Telecom & Media, 2001–2003
 President, Services, 1999–2001
 President, Public Sector, 1996–1999
 Various management positions VTKK and Cap Gemini 1984-1995
 TietoEnator shares: 120
 Right to subscribe for 75 500 shares
 Share-based incentive plan: max 5 200 shares



Åke Plyhm, b. 1951, nationality Swedish, BSc (Business Administration)
 Joined the company in 1995
 Deputy CEO since 1999
 Member of Corporate Management Team
 President and CEO, Enator AB, 1995–1999
 President, Celsius Industrier AB, 1990–1995
 Executive Vice President with responsibility for finance, treasury and legal departments, Celsius Industrier AB, 1990
 TietoEnator shares: 290
 Right to subscribe for 67 300 shares
 Share-based incentive plan: max 3 600 shares



Carl-Harald Andersson, b. 1956, nationality Swedish, M.Sc. (Eng.)
 Joined the company in 1987, Senior Vice President since 2006
 President of Forest & Energy from 1 January 2006
 Member of Corporate Management Team
 Senior Vice President, Telecom & Media, 2002-2005
 Vice President, Wireless R&D Services, TietoEnator, 1999-2002
 Business area Director, Enator Teknik AB, 1998-1999
 President of Enator Elektroniksystem AB, 1990-1998
 President of Knight Elektroniksystem AB, 1987-1990
 Department and Division manager, Knight Industrikonsult AB, 1985-1987
 Consultant, Knight Konsulterande Ingenjörer Gothenburg, 1981-1985
 TietoEnator shares: 0
 Right to subscribe for 17 900 shares
 Share-based incentive plan: max 1 600 shares



Ari Karpinen, b. 1957, nationality Finnish, M.Sc. (Eng.)
 Joined the company 1987, Senior Vice President since 2005
 President of Processing & Network from 2005
 Member of Corporate Management Team
 Senior Vice President, Manufacturing Business Unit, 2004-2005
 Vice President, Logistics Business Unit, 2001-2003
 Country Manager for Finland Services, 2000
 Vice President Postal Business Unit, TietoEnator, 1999-2000
 Various management positions in TietoEnator, 1987-1998
 Sähköliikkeiden Oy, Project Manager, 1984-1986
 TietoEnator shares: 0
 Right to subscribe for 26 500 shares
 Share-based incentive plan: max 1 740 shares



Carl-Johan Lindfors, b. 1956, nationality Finnish, BSc (Aviation Eng.)

Joined the company in 1989, Senior Vice President since 2000

President of Healthcare & Welfare, from 1 January 2006

Member of Corporate Management Team

President of Public & Healthcare 2003-2005

President, Resource Management, 2000–2002

Various management positions in TietoEnator, 1989–1999

Managing Director, Control Data Oy, 1987–1988

TietoEnator shares: 0

Right to subscribe for 44 500 shares

Share-based incentive plan: max 1 600 shares



Jukka Rosenberg, b. 1962, nationality Finnish, MSc (Econ.)

Joined the company in 1997, Senior Vice President since 2004

President of Banking & Insurance since 2004 (until 17 February, 2006)

Member of Corporate Management Team

Senior Vice President, Business Operations in Finland, Banking & Finance, 2002–2003

Various management positions in TietoEnator Banking & Finance, 1997–2002

Director, Fujitsu ICL Germany, 1994–1997

TietoEnator shares: 100

Right to subscribe for 36 500 shares

Share-based incentive plan: max 2 800 shares



Anja Vainio, b. 1953, nationality Finnish, MSc. (Math.)

Joined the company in 1995, Senior Vice President since 2006

Senior Vice President of Government, Manufacturing & Retail from 1 January 2006

Member of Corporate Management Team

President of Government business area, 2005

Senior Vice President in Public & Healthcare, 2004-2005

Vice President in Public & Healthcare, 2001-2003

Managing Director in Tietokarhu Oy, 1997-2000

Various management positions in The Finnish State Computer Centre (VTKK) and in TietoEnator Corporation, 1994-1997

TietoEnator shares: 0

Right to subscribe for 19 000 shares

Share-based incentive plan: max 1 800 shares



Ari Vanhanen, b. 1961, nationality Finnish, MSc (Eng.)

Joined the company in 1994, Senior Vice President since 2004

President of Telecom & Media since 2004

Member of Corporate Management Team

Managing Director, Tietokesko Oy, 2001–2003

Vice President, TietoEnator Energy business unit, 1999–2001

Various management positions in TietoEnator, 1994–1999

TietoEnator shares: 6 710

Right to subscribe for 37 100 shares

Share-based incentive plan: max 2 800 shares



Pekka Viljakainen, b. 1972, nationality Finnish, engineering studies (Lappeenranta University of Technology)

Joined the company in 2000, Senior Vice President since 2004

Senior Vice President, Strategic Customer Operations, from 1 January 2006

Member of Corporate Management Team

President of Digital Innovations from 2004

Managing Director, Oy Visual Systems Ltd, 1990–2004

TietoEnator shares: 669 447

Right to subscribe for 9 395 shares

Share-based incentive plan: max 2 400 shares



Juhani Strömberg, b. 1953, nationality Finnish, PhD (Tech.)
 Joined the company in 1976, Senior Vice President since 1999
 Senior Vice President, Strategic Offering, from 1 January 2006
 Member of Corporate Management Team
 Senior Vice President, Group Development 1999-2005
 Vice President, Electronic Business Services, 1996–1999
 Vice President, Technology, Business Development 1993–1996
 Various development, project and managerial positions, 1976–1992
 TietoEnator shares: 6
 Right to subscribe for 36 800 shares
 Share-based incentive plan: max 1 200 shares



Pentti Huusko, b. 1948, nationality Finnish, MSc (Computer Sc.)
 Joined the company in 1986, Senior Vice President since 1989
 Senior Vice President, Operational Excellence, from 1 January 2006
 President of Production & Logistics 2001-2005
 President, Process & Manufacturing, 1997–2001
 President, Services, 1989–1996
 Managing Director and Board member, Tietojyvä Oy, 1986–1989
 TietoEnator shares: 580
 Right to subscribe for 44 500 shares



Håkan Friberg, b. 1948, nationality Swedish, BA (Econ.)
 Joined the company in 1993
 Senior Vice President, Human Resources, from 1999
 Member of Corporate Management Team
 SVP Human Resources, Enator AB, 1997–1999
 Managing Director, Unic AB, 1992–1996
 Director, KPMG Management Consulting, 1990–1992
 TietoEnator shares: 0
 Right to subscribe for 36 800 shares
 Share-based incentive plan: max 1 200 shares



Päivi Lindqvist, b. 1970, nationality Finnish, MSc (Econ.), MBA
 Joined the company in 1997
 Senior Vice President, Communications and Investor Relations, from 1 January 2006
 Member of Corporate Management Team
 Senior Vice President, Investor Relations and Financial Communications, 2004-2005
 Manager, Investor Relations, 2002–2003
 US Controller, 2001–2002
 Treasury Analyst, 1997–2001
 TietoEnator shares: 0
 Right to subscribe for 7 045 shares
 Share-based incentive plan: max 1 200 shares



Jouko Lonka, b. 1955, nationality Finnish, LL.M
 Joined the company in 1987

Senior Vice President, Legal Affairs, from 2004

General Counsel, 1987–2003
 Legal Counsel, Hewlett Packard, 1986–1987
 Legal Counsel, Union Bank of Finland, 1982-1986

TietoEnator shares: 36 800
 Right to subscribe for 30 850 shares



Timo Salmela, b. 1957, nationality Finnish, MSc (Econ.)
 Joined the company in 1996

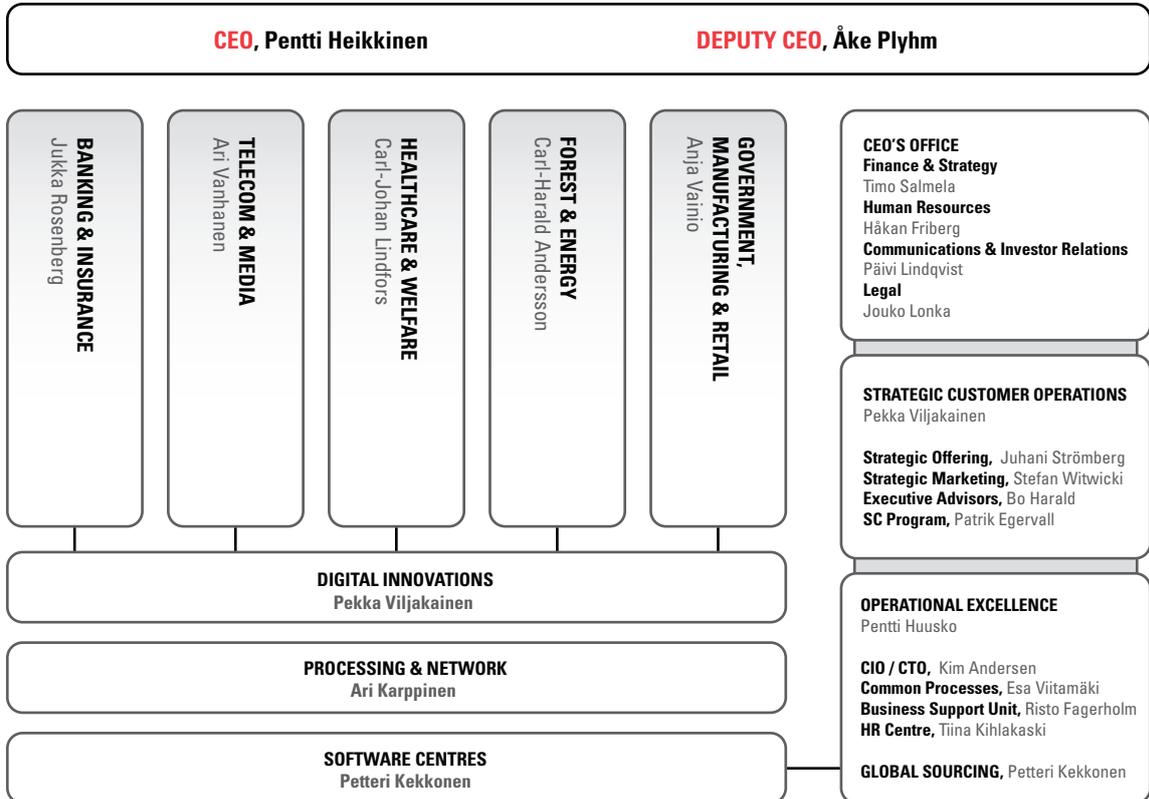
Senior Vice President, CFO and strategy from 1 January 2006
 Member of Corporate Management Team

Senior Vice President, CFO, 2003-2005
 Vice President Finance & Administration, Telecom & Media, 2001–2003
 Vice President Finance & Administration, Services, 1996–2001
 Director Finance, Avancer Oy, 1991–1996

TietoEnator shares: 100
 Right to subscribe for 16 800 shares
 Share-based incentive plan: max 1 200 shares

No changes in the shareholdings of executive management in year 2005.

Organization





Microsoft is one of TietoEnator's global technology partners and I work as a Microsoft product specialist.”

Ms Vlasta Korytářová, Software Specialist,
Software Centres, Czech

Financial Information & Shares and Shareholders

Without proper specifications and agreed working methods it's hard to deliver high-quality results. That's why we pay special attention to efficient communications and mature processes.”

Mr Tomáš Kotula, Software Specialist, Software Centres, Czech

Financial information

FIVE-YEAR FIGURES	2005	2004	2003	2002	2001
	IFRS	IFRS	FAS	FAS	FAS
Net sales, EUR million	1 681.6	1 525.1	1 374.3	1 271.1	1 135.2
Operating profit (EBIT), EUR million	183.3	162.7	102.7	99.8	251.8
Operating margin, %	10.9	10.7	7.5	7.9	22.2
Profit before taxes, EUR million	173.6	158.1	100.6	100.4	258.0
% of net sales	10.3	10.4	7.3	7.9	22.7
Total assets, EUR million	1 312.0	1 087.7	807.7	845.0	801.2
Return on equity, % *)	27.3	45.9	14.1	13.7	47.1
Return on capital employed, % *)	29.7	32.6	23.1	23.0	59.9
Equity ratio, %	39.8	48.8	60.8	55.5	61.9
Gearing, %	42.0	6.1	1.4	13.6	-36.6
Investments, EUR million	270.3	166.4	61.6	282.9	125.2
% of net sales	16.1	10.9	4.5	22.3	11.0
Average number of employess	14 236	12 527	11 836	11 153	9 739
Personnel on 31 December	15 001	12 773	11 680	11 991	10 275

*) In the calculation of the year 2004 return on equity and return on capital employed in the 12-month average denominator the balance sheet items concerning year 2003 are according to FAS and are not restated according to IFRS.

KEY FIGURES BY QUARTER	2005	2005	2005	2005	2005	2004	2004	2004	2004	2004
	1-3	4-6	7-9	10-12	1-12	1-3	4-6	7-9	10-12	1-12
Net sales, EUR million	408.1	429.0	380.4	464.1	1 681.6	380.5	383.8	331.4	429.4	1525.1
Operating profit (EBIT), EUR million	36.1	56.4	36.3	54.5	183.3	41.9	37.8	37.1	45.9	162.7
Net financial items, EUR million	-1.1	1.3	-9.0	-0.9	-9.7	0.0	0.0	-3.2	-1.4	-4.6
Profit before taxes, EUR million	35.0	57.7	27.3	53.6	173.6	41.9	37.8	33.9	44.5	158.1
Earnings per share, EUR										
- basic	0.31	0.57	0.24	0.64	1.75	0.36	1.78	0.27	0.30	2.71
- diluted	0.31	0.57	0.24	0.64	1.75	0.36	1.78	0.27	0.30	2.71
Earnings per share, EUR ^{a)}	0.33	0.42	0.26	0.66	1.66	0.36	0.35	0.33	0.38	1.42
Equity per share, EUR										
	6.84	6.40	6.24	6.60	6.60	5.89	7.18	7.40	6.49	6.49
Equity ratio, %	45.6	40.2	39.3	39.8	39.8	53.5	56.0	55.8	48.8	48.8
Net interest-bearing liabilities, EUR million	97.8	230.2	222.8	210.3	210.3	0.8	5.9	-60.9	30.9	30.9
Gearing %	18.2	45.7	46.3	42.0	42.0	0.2	1.0	-10.0	6.1	6.1
Investments, EUR million	134.3	9.0	104.5	22.5	270.3	87.3	23.2	15.3	40.6	166.4
Personnel at end of period										
	13 723	14 053	14 435	15 001	15 001	12 393	12 531	12 453	12 773	12 773
Personnel on average										
	13 634	14 029	14 407	14 872	14 236	12 457	12 450	12 457	12 743	12 527

a) Excluding goodwill impairments, amortization on allocated intangible assets from acquisitions, stock option expenses and one-time capital gains and deferred tax income.

Income Statement (IFRS)

EUR million	Consolidated	
	1 Jan -31 Dec 2005	1 Jan - 31 Dec 2004
Net sales	1 681.6	1 525.1
Other operating income	25.2	24.5
Cost of sales	267.1	214.2
Employee benefit expenses	937.6	819.9
Depreciation and amortization	62.5	63.8
Impairment of goodwill	-	18.7
Other operating expenses	256.5	271.8
Share of associated companies' results	0.2	1.5
Operating profit	183.3	162.7
Financial income and expenses	-9.7	-4.6
Profit before taxes	173.6	158.1
Income taxes	-35.6	65.2
Net profit for the period	138.0	223.3
Net profit for the period attributable to		
Shareholders of the parent company	136.3	222.3
Minority interest	1.7	1.0
	138.0	223.3
Earnings attributable to the shareholders of the parent company per share (EUR)		
Basic	1.75	2.71
Diluted	1.75	2.71
Average number of shares (1 000 shares)		
Basic	78 063	81 978
Diluted	78 167	81 978

Balance Sheet (IFRS)

EUR million	Consolidated	
	31 Dec 2005	31 Dec 2004
ASSETS		
Non-current assets		
Intangible assets	73.9	50.9
Goodwill	436.9	286.8
Tangible assets	111.0	87.1
Deferred tax assets	98.3	120.5
Investments in associated companies	5.0	12.4
Other non-current assets	2.0	1.9
Total non-current assets	727.1	559.6
Current assets		
Interest-bearing	0.4	0.2
Trade and other receivables	484.6	437.2
Cash and cash equivalents	99.9	90.7
Total current assets	584.9	528.1
Total assets	1 312.0	1 087.7
EQUITY AND LIABILITIES		
Share capital	78.7	82.9
Share issue premiums and other reserves	62.7	94.8
Retained earnings	347.3	324.2
Parent shareholders' equity	488.7	501.9
Minority interest	12.2	9.5
Total equity	500.9	511.4
Non-current liabilities		
Finance lease liability	22.2	7.5
Shareholders' loan	37.0	36.9
Other interest-bearing loans	106.0	72.3
Deferred tax liabilities	23.3	16.5
Pension obligations	53.4	57.5
Provisions	9.6	13.0
Other non-current liabilities	1.1	0.0
Total non-current liabilities	252.6	203.7
Current liabilities		
Trade and other payables	413.2	367.4
Interest-bearing loans	145.3	5.2
Total current liabilities	558.5	372.6
Total equity and liabilities	1 312.0	1 087.7

Cash Flow

EUR million	Consolidated	
	1 Jan -31 Dec 2005	1 Jan -31 Dec 2004
Cash flow from operations		
Operating profit	183.3	162.7
Adjustments to operating profit		
Depreciation and amortization	61.8	83.9
Profit/loss on sale of fixed assets and shares	-20.9	-12.1
Share of associated companies' results	-0.2	-1.5
Other adjustments	3.0	1.7
Change in net working capital		
Change in current receivables	-30.3	-103.8
Change in inventories	-0.1	-0.1
Change in current non-interest-bearing liabilities	29.2	66.2
Cash generated from operations	225.8	197.0
Interest income received		
	2.0	3.1
Interest expenses paid		
	-3.3	-5.0
Other financial items net		
	-1.2	-3.6
Income taxes paid		
	-17.9	-16.1
Net cash flow from operations	205.4	175.4
Cash flow from investing activities		
Acquisition of Group companies and business operations, net of cash acquired		
	-163.6	-84.7
Capital expenditures		
	-76.2	-57.1
Disposal of business operations and associated company		
	25.0	0.0
Sale of real estate		
	0.0	72.5
Other investing activities		
	1.8	9.0
Net cash used in investing activities	-213.0	-60.3
Dividends and donations		
	-79.9	-82.0
Repurchase of own shares		
	-80.0	-97.4
Proceeds from finance lease liabilities		
	16.6	5.2
Payment of finance lease liabilities		
	-6.8	-9.7
Net cash change in other financing activities	166.1	98.5
Net cash change in financing activities	16.0	-85.4
Change in cash and cash equivalents	8.4	29.7
Cash and cash equivalents at beginning of period	-90.7	-61.1
Foreign exchange differences	-0.7	0.1
Cash and cash equivalents at end of period	99.8	90.7
	8.4	29.7

Key Segment Tables

Net sales and operating profit (EBIT) by business area

EUR million	Net sales			Operating profit		
	2005 1-12	2004 1-12	Change %	2005 1-12	2004 1-12	Change %
Banking & Insurance	244	199	23	23.3	3.2	619.2
Telecom & Media	536	422	27	69.6	60.7	14.7
Government	157	153	3	11.3	8.6	31.8
Healthcare & Welfare	119	96	24	17.3	13.8	25.6
Production & Logistics	226	208	8	24.8	19.9	25.1
Processing & Network	377	417	-9	38.5	47.3	-18.6
Personec Group	129	127	1	13.7	14.7	-6.6
Group eliminations incl other	-106	-96	10			
Total	1 682	1525	10	198.7	168.2	18.1
Group function incl other				-24.0	-19.9	20.4
Associated companies outside BA				-0.1	0.8	-
Group capital gains				8.7	13.6	-
Group total	1 682	1525	10	183.3	162.7	12.6

Operating margin (EBIT), %	excl capital gains and impairment losses					
	2005 1-12	2004 1-12	Change %	2005 1-12	2004 1-12	Change %
Banking & Insurance	9.6	1.6	7.9	9.6	8.7	0.8
Telecom & Media	13.0	14.4	-1.4	13.0	14.4	-1.4
Government	7.2	5.6	1.6	7.2	7.3	-0.1
Healthcare & Welfare	14.6	14.4	0.2	13.2	14.4	-1.2
Production & Logistics	11.0	9.5	1.5	9.8	9.9	-0.1
Processing & Network	10.2	11.3	-1.1	8.7	11.3	-2.7
Personec Group	10.6	11.6	-0.9	10.6	11.6	-0.9
Business areas	11.8	11.0	0.8	11.2	12.2	-1.0

Operating margin (EBIT), %	10.9	10.7	0.2	9.8	11.0	-1.2
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Country Sales, EUR million	2005	Change	Share	2004	Share	Change
	1-12	%	%	1-12	%	%
Finland	777	0	46	774	51	2
Sweden	519	1	31	516	34	31
Norway	92	9	5	84	6	1
Denmark	52	31	3	40	3	7
Germany	102	181	6	36	2	45
Great Britain	32	355	2	7	0	-10
France	21	-	1	1	0	-51
Other	85	28	5	67	4	3
Group total	1 682	10	100	1525	100	11

Net sales by industry segment, EUR million	2005	Change	Share	2004	Share	Change
	1-12	%	%	1-12	%	%
Banking and insurance	305	16	18	263	17	3
Public	332	6	20	314	21	7
Telecom and media	549	20	33	459	30	50
Forest	89	2	5	87	6	-7
Energy	77	12	5	68	4	1
Manufacturing	89	5	5	85	6	-9
Retail	85	-16	5	101	7	-13
Logistics	20	-20	1	25	2	-29
Non-allocated	136	10	8	123	8	9
Group total	1 682	10	100	1 525	100	11

Shares and Shareholders

Share capital and shares

TietoEnator Corporation's issued and registered share capital on 31 December 2005 totalled EUR 78 743 322 and there were 78 743 322 shares. The number of registered shares declined by 4 144 322 as all shares repurchased by the company in 2004 were cancelled by the 2005 AGM. During 2005 TietoEnator executed another share repurchase programme and purchased a total of 2 903 860 shares, which are currently held as treasury stock. The number of outstanding shares is 75 838 712. TietoEnator's Board of Directors will propose cancellation of the repurchased shares at the Annual General Meeting in March 2006.

TietoEnator's shares have no par value and have a book counter-value of one euro. TietoEnator's shares are listed on the OMX Helsinki Stock Exchange and Stockholm Stock Exchange.

There is only one class of shares with equal dividend rights and each share is entitled to one vote. The company's articles of association include a redemption clause and a restriction on voting at the Annual General Meeting, where no-one is allowed to vote with more than one-fifth of the votes represented in the meeting. The articles of association are available on the company's website at www.tietoenator.com.

Warrants and options

Based in the outstanding warrants and options on 31 December, the total number of shares may increase, at the maximum, as follows:

	Shares	Subscription period	Exercise price
Bond with warrants 2000	3 003 245	- 31/05/06	54.50
Stock options 2002 A	449 220	01/12/05 - 30/06/09	24.23
Stock options 2002 B	960 300	01/12/06 - 30/06/09	24.23
	4 412 765		

TietoEnator also holds 25 000 of the 2000 warrants and 388 530 options under the 2002 B stock options scheme. If all the option rights in the company's possession are taken into account, the number of shares could increase by a maximum of 4 826 295. In all the current option schemes, the persons covered by the scheme receive the options if they were employed by TietoEnator on the starting date of the subscription period. Under the terms of the stock options 2002 scheme the subscription price will be reduced annually by the amount of dividend per share.

In spring 2005 Board of Directors decided to issue 500 000 options under the stock options 2002 scheme

to TietoEnator's key employees and management. This leaves 300 000 options under this scheme so far unused.

The options under the bond with warrants 2000 are listed on the Helsinki and Stockholm stock exchanges. The subscription period for the 2002 A options began in December 2005 and these options are listed only on the Helsinki stock exchange. The warrants under the 1998 bond with warrants fell due in May 2004 and the 1999 options in May 2005 without value.

In December 2005 the Board of Directors approved a new share-based incentive plan for TietoEnator Group's key personnel. Incentive rewards can be paid either as shares or in cash during the years 2007-2009. The cash payment covers taxes and tax-related costs. The share part of the programme has a maximum scope of 200 000 shares for the whole three-year period. The allocated amount of rewards each year is dependent on reaching financial performance targets that are set by the Board of Directors annually. The first shares can be allocated in 2007 based on the financial performance in 2006. The allocation regarding the year 2006 is based on TietoEnator Group's earnings per share (EPS) increasing 10-30% compared with 2005. It is prohibited to transfer the shares within two years from the end of an earning period. The incentive plan is targeted to approximately 50 key employees.

The price of the TietoEnator share averaged EUR 26.02 in 2005, thus being higher than the exercise price of the 2002 option programme EUR 24.23. Hence the diluted number of shares is slightly over the outstanding number of shares at 76 142 318 for the whole year of 2005. The fully diluted number of shares, assuming all warrants and options were exercised fully and excluding treasury stock, is 80 665 007, representing full dilution of 6.4 %.

Board authorizations

The 2005 Annual General Meeting authorized the Board of Directors to repurchase the company's own shares. The maximum amount to use under the programme was EUR 80 million to purchase a maximum of 3.11 million shares. The authorization is to be used to develop the company's capital structure and to reduce its negative gearing. In July 2005 TietoEnator's Board of Directors decided to exercise this authority and 2 903 860 shares were repurchased in public trading on the OMX Helsinki Stock Exchange during

the periods 1 - 30 September and 21 October – 17 November at an average price of EUR 27.54 per share. A total of EUR 80 million in cash was used for the repurchases.

The Board was also authorized to issue shares, option rights and convertible bonds for one year from the Annual General Meeting of 2005 until 17 March 2006. Based on this authorization the share capital may increase by at most EUR 15 748 424. The purpose of the authorization is to safeguard the company's ability to develop its operations both in the domestic and in the international markets, in order to enable and to finance both the acquisition of companies and business operations and also other co-operative arrangements. This authorization has not been used.

Shareholders

The company had 28 874 name-registered shareholders at the end of 2005. 29% of TietoEnator shares were held by Finnish and 20% by Swedish investors. In total, there were 26 341 retail investors in Finland and Sweden and they held 12% of TietoEnator's shares. None of the shareholders owns more than 5% of the shares, nor were there any notifications of changes in over 5% holdings during the year.

The Board of Directors, the CEO and his deputy together owned 0.0767% of the share capital and votes. Based on the bonds with warrants and options,

they can increase their aggregate holding to at most 0.9913 % of the shares.

TietoEnator does not have any major strategic shareholders, shareholder agreements or cross shareholdings which would limit the amount of shares available for trading. Additionally, since the existing stock option/warrant programmes and the share-based incentive plan represent limited dilution potential, the free float of the shares can be considered as 100% excluding the treasury stock currently held by the company.

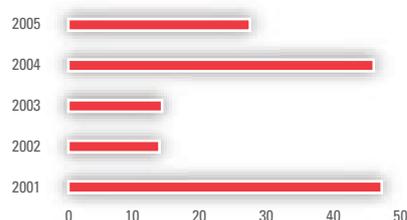
Share performance and trading

The turnover of TietoEnator shares totalled EUR 3 896.1 million (149 733 710 shares) in Helsinki and SEK 6 380.8 million (26 454 896 shares) in Stockholm in 2005. The total number of shares traded represented 191.8% of the average number of outstanding shares.

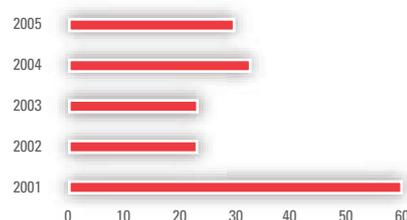
On OMX Helsinki the average share price in the year was EUR 26.02, whereas the share price at the end of the year was EUR 30.85. The highest price was EUR 31.16 and the lowest EUR 22.30. The market capitalization at the end of the year totalled EUR 2 429.2 million.

The TietoEnator share price gained 31.8% in Helsinki and 34.7% in Stockholm during the year. At the same time, OMX Helsinki's all-Share Index increased by 31.13% and the OMX Helsinki Cap Index by 30.14%. Stockholmbörsen's OMX Stockholm all-Share Index rose 32.6% in 2005.

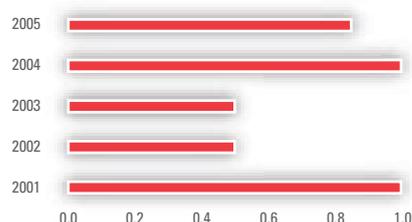
RETURN ON EQUITY, %



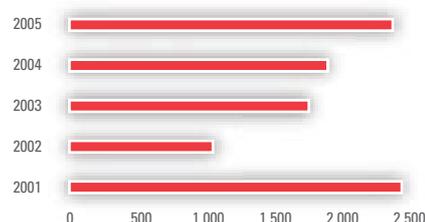
RETURN ON CAPITAL EMPLOYED, %



DIVIDEND / SHARE, EUR



MARKET CAPITALIZATION, EUR MILLION



	2005	2004	2003	2002	2001
	IFRS	IFRS	FAS	FAS	FAS

SHARE INFORMATION

Changes in share capital

Share capital at year end, EUR	78 743 322	82 886 444	82 886 444	82 886 444	83 326 740
Number of shares	78 743 322	82 886 444	82 886 444	82 886 444	83 326 740
Adjusted number of shares at year end	78 743 322	82 886 444	82 886 444	82 886 444	83 326 740
Adjusted average for the year	78 063 022	81 977 804	82 886 444	82 856 926	82 437 328

Per share data

Earnings per share, EUR					
- basic	1.75	2.71	0.79	0.77	2.40
- diluted	1.75	2.71			
Earnings per share, EUR ^{a)}	1.66	1.42			
Equity per share EUR	6.60	6.49	5.74	5.53	5.84

a) Excluding goodwill impairments, amortization on allocated intangible assets from acquisitions, stock option expenses and one-time capital gains and deferred tax income.

Share price performance and trading volumes

On the OMX Helsinki Stock Exchange

Highest price of share, EUR	31.16	27.70	24.55	32.35	36.40
Lowest price of share, EUR	22.30	19.90	11.50	10.25	18.86
Average price of share, EUR	26.02	23.58	16.91	20.14	27.98
Turnover, number of shares	149 733 710	127 507 163	104 692 989	85 479 503	107 451 734
Turnover, %	191.8	155.5	126.3	103.2	130.3

On the OMX Stockholm Stock Exchange

Highest price of share, SEK	292.00	254.00	220.00	297.50	325.00
Lowest price of share, SEK	202.00	184.00	107.00	93.00	189.50
Average price of share, SEK	241.20	216.71	153.58	204.63	257.75
Turnover, number of shares	26 454 896	11 205 872	15 257 580	16 813 102	27 520 566
Turnover, %	33.9	13.7	18.4	20.3	33.4

Market capitalization, EUR million	2 429.2	1 939.5	1 798.6	1 077.5	2 479.0
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Dividends

Dividend, EUR 1 000	64 464	78 742	41 443	41 443	82 582
Dividend per share EUR	0.85	1.00	0.50	0.50	1.00
Extra dividend paid 2004, EUR 1 000		39 371			
Dividend per share EUR		0.50			
Payout ratio, %	48.6	47.0	63.3	64.9	41.7

Price-weighted ratios

On the OMX Helsinki Stock Exchange

Price per earnings ratio (P/E)	18	9	28	17	12
Dividend yield, %	2.8	6.4	2.3	3.9	3.4

On the OMX Stockholm Stock Exchange

Price per earnings ratio (P/E)	17	9	28	17	12
Dividend yield, %	2.8	6.5	2.3	3.8	3.4

Major shareholders 31 December 2005

	Shares	%
1 Didner & Gerge Aktiefond	1 800 000	2.3
2 Nordea funds	1 444 170	1.8
3 Roburs funds	1 442 688	1.8
4 Svenska Litteratursällskapet i Finland	1 314 000	1.7
5 Tapiola	1 165 980	1.5
6 Mutual Pension Insurance Co, Ilmarinen	1 020 580	1.3
7 AMF Pensionsförsäkrings AB	980 000	1.2
8 SEB fonder	917 660	1.2
9 OP funds	885 714	1.1
10 Varma Mutual Pension Insurance Co.	782 400	1.0
Remaining nominee-registered	49 304 568	62.6
Others	17 685 562	22.5
Total	78 743 322	100.0

Based on ownership records of the Finnish and Swedish central security depositories. TietoEnator started share repurchasing on 1 September. On the end of December 2005 TietoEnator held 2.90 million shares.

Ownership structure on 31 December 2005

	% of shares
Corporations	5
Financial and insurance institutions	5
Public organizations	6
Non-profit organizations	4
Households	9
Foreign	0
Nominee-registered	71
Total	100

Based on ownership records of the OMX Helsinki Stock Exchange.

Division of shares on 31 December 2005

Number of shares	Shareholders		Shares	
	No	%	No	%
1 - 100	4 592	37.0	279 652	0.4
101 - 500	4 528	36.5	1 211 168	1.5
501 - 1 000	1 454	11.7	1 130 086	1.4
1 001 - 5 000	1 513	12.2	3 292 253	4.2
5 001 - 100 000	289	2.3	5 457 549	6.9
100 001 - 999 999 999 999	31	0.2	67 353 374	85.5
Joint book-entry account			19 240	0.0
Total	12 407	100.0	78 743 322	100.0

Based on ownership records of the OMX Helsinki Stock Exchange.

Change in share capital

	Shares
Shares / votes 31 December 2004	82 886 444
Bonds with options subscribed, registered on 16 Dec. 2005	1 200
Nullifying of company's own shares 17 March 2005	-4 144 322
Total 31 December 2005	78 743 322
Bonds with options subscribed, registered on 12 Jan. 2006	750
Total 12 January 2006	78 744 072

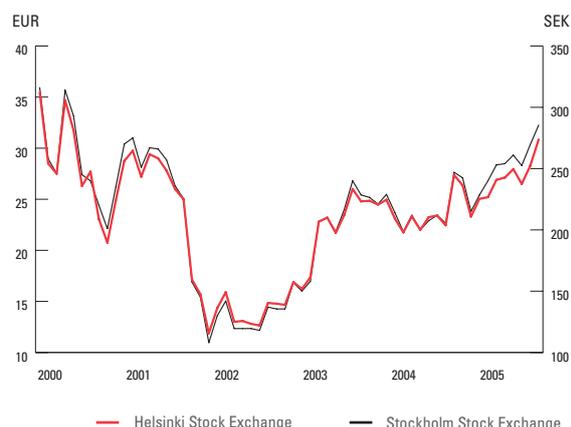
TietoEnator, trading codes

OMX Helsinki Stock Exchange	TIE1V
OMX Stockholm Stock Exchange	TIEN
Reuters, Helsinki Stock Exchange	TIE1V.HE
Reuters, Stockholm Stock Exchange	TIEN.ST
Bloomberg, Helsinki Stock Exchange	TIE1V FH
Bloomberg, Stockholm Stock Exchange	TIEN SS
ISIN code	FI0009000277

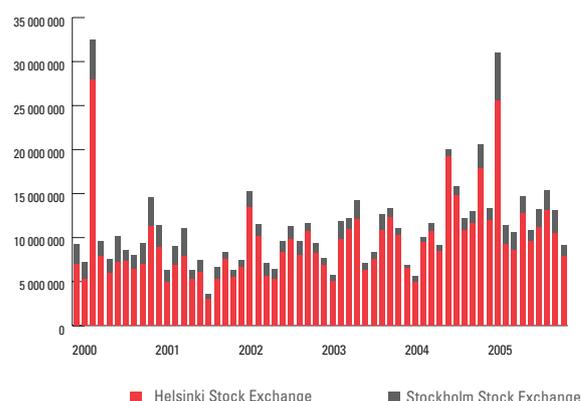
Share information

share lot	20
shares/votes	1
Taxation 2005, EUR	21.64

SHARE PRICE DEVELOPMENT, 5 YEARS



DEVELOPMENT OF TOTAL TURNOVER, 5 YEARS



Information for Shareholders

Annual General Meeting

TietoEnator Corporation's Annual General Meeting (AGM) will be held at the Company's premises, Kutojantie 6-8 (Kilo 1-2), Espoo, Finland, on Thursday 23 March 2006 at 5.00 p.m. EET.

Attending the AGM

In order to attend the AGM, shareholders are required to:

- be registered in the Company's shareholders' register, maintained by the Finnish Central Securities Depository Ltd, on 13 March 2006 and
- notify their wish to attend the meeting not later than Friday 17 March 2006 at 4.00 p.m. EET.

Registration in the shareholders' register

A shareholder whose shares are registered in a personal book-entry account at the Finnish Central Securities Depository Ltd is automatically registered in the Company's shareholders' register. Nominee-registered shareholders may on 13 March 2006 be provisionally registered in the Company's shareholders' register for attending the AGM. Therefore, a shareholder whose shares are registered at VPC AB should contact VPC AB. Other nominee-registered shareholders should contact their relevant account holders. A request for provisional registration must be received by VPC AB not later than 8 March 2006 at 4.00 p.m. CET.

Notice to attend

Shareholders wishing to attend the AGM must notify the Company not later than by 4.00 p.m. (Finnish time) on 17 March 2006 either:

- by telephone +358 9 8626 3009
- by telefax +358 2060 20232
- at internet www.tietoanator.com/agm
- by e-mail agm@tietoanator.com or
- by mail TietoEnator, Legal, P.O. Box 33, FI-02631 Espoo, Finland

Proxy

Letters of proxy allowing shareholders to be represented by a representative at the AGM must be received by the Company at the postal address above not later than 17 March 2006.

Dividend payment

The Board of Directors proposes to the AGM that a dividend of EUR 0.85 per share be paid on the financial year 2005. The dividend will be paid to shareholders who are registered in the Company's shareholders' register maintained by the Finnish Central Securities Depository Ltd, or in the register maintained by VPC

AB, on the record date for dividend payment, which is 28 March 2006. It is proposed that the dividend be paid on 11 April 2006.

Shareholders' calendar for 2006

February 2	Fourth quarter and full year 2005
February 9	Financial Statement Bulletin 2005
Week 7	Financial Review 2005, Annual Review 2005 (pdf)
March 3	Financial Review 2005, Annual Review 2005 (printed)
March 13	Record date for AGM
March 23	AGM
March 28	Record date for dividend
April 11	Dividend payment
April 27	Interim Report for the first quarter 2006 (January – March)
July 21	Interim Report for the second quarter 2006 (January – June)
October 20	Interim Report for the third quarter 2006 (January – Sept)

Reviews are published in English, Finnish and Swedish and are available at TietoEnator's Internet pages, www.tietoanator.com

To order the printed Annual Review 2005 and Financial Review 2005:

- www.tietoanator.com/orderreports
- e-mail: reports@tietoanator.com
- tel. +358 9 862 6000, fax +358 9 862 63091
- tel. +46 8 632 1400, fax +46 8 632 1420

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Analysts following TietoEnator

Analysts following TietoEnator are listed on the company's website, www.tietoanator.com.

Contact information

All addresses can be found on TietoEnator's website www.tietoerator.com

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Business ID: 0101138-5
Registered office: Espoo

Banking & Insurance

Kutojantie 10
P.O. Box 33
FI-02631 ESPOO, FINLAND
Tel. +358 9 862 6000
Fax +358 9 8626 2685
Offices in Belgium, Denmark, Estonia, Finland,
Germany, Latvia, the Netherlands, Norway, Portugal,
Russia, Sweden, Ukraine, United Kingdom and USA

Forest & Energy

Kutojantie 6-8, P.O.Box 156
FI-02631 ESPOO
Tel. +358 9 862 6000
Fax +358 9 8626 0590
Offices in Austria, Canada, China, Finland, France,
Germany, Indonesia, Malaysia, the Netherlands,
Norway, Singapore, Sweden, United Kingdom and USA

Telecom & Media

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P.O. Box 156
FI-02631 ESPOO, FINLAND
Tel. +358 9 862 6000
Fax +358 9 8626 0420
Offices in Belgium, Czech, China, Denmark, Estonia,
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Norway, Slovakia and Sweden

Processing & Network

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Fax +358 20 72 694 00
Offices in Belgium, Czech, Denmark, Estonia, Finland,
Germany, Lithuania, Norway, Sweden, United King-
dom and USA

Healthcare & Welfare

Mauritiusstr. 102-104
DE-50226 FRECHEN,
GERMANY
Tel. +49 2234 9119 0
Fax +49 2234 9119 436
Offices in Denmark, Finland, Germany, India,
the Netherlands, Norway and Sweden

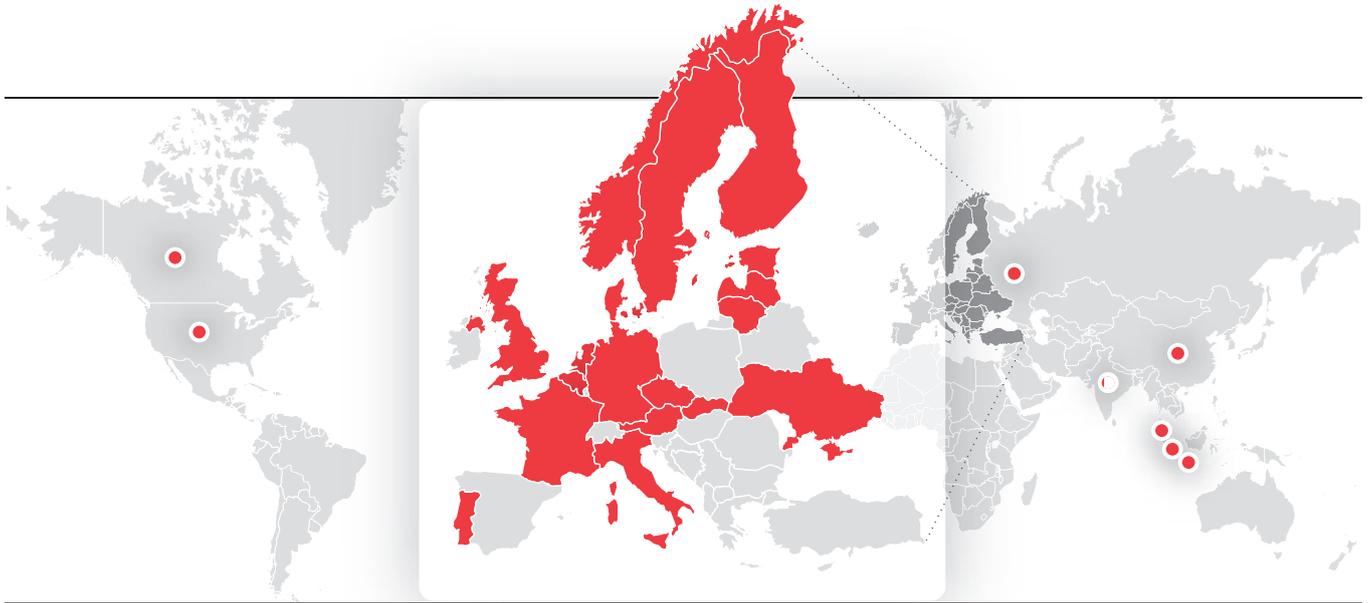
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FI-02131 ESPOO,
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Tel. +358 9 862 6000
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Digital Innovations

Aku Korhosen tie 2-4
P.O. Box 38
FIN-00441 Helsinki, FINLAND
Tel. +358 20 720 10
Fax +358 20 72 669 66
Offices in Denmark, Finland, Norway, Sweden and
Czech

Government, Manufacturing & Retail

Tietotie 6
P.O. Box 403
FI-02101 ESPOO, Finland
Tel. +358 9 862 6000
Fax +358 9 464 803
Offices in Denmark, Estonia, Finland, Latvia, Norway
and Sweden



Countries of operation

Austria, Belgium, Canada, China, Czech, Denmark, Estonia, Finland, France, Germany, India, Indonesia, Italy, Latvia, Lithuania, Malaysia, the Netherlands, Norway, Portugal, Russia, Singapore, Slovakia, Sweden, Ukraine, the United Kingdom and the USA.

TietoEnator is among the leading architects in building a more efficient information society. With over 15 000 experts, we are one of the largest IT services providers in Europe.

Our leading-edge know-how is geared towards developing innovative IT solutions that realize and digitalize the visions of our customers. We work in close partnership helping them to manage and run their business better.

We've chosen to focus on areas where we have the deepest industry expertise. The principal ones globally are banking, telecom, healthcare and forest. In these areas, we work hand in hand with many of the world's leading companies and organizations. We are growing with them and are now active in more than 25 countries.

TietoEnator Corporation

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www.tietoenator.com

TietoEnator 

Building the Information Society



Financial Review 2005

Digitalized services in true partnership



TietoEnator ^{TE}

Building the Information Society

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Consolidated Financial Statement

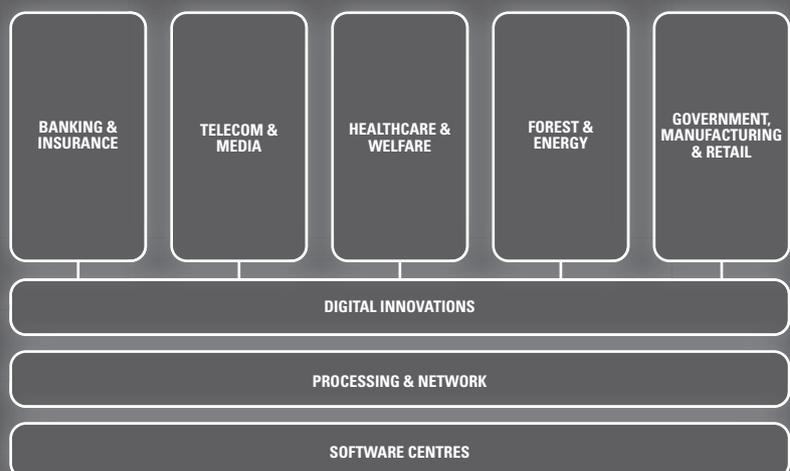
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Parent Company

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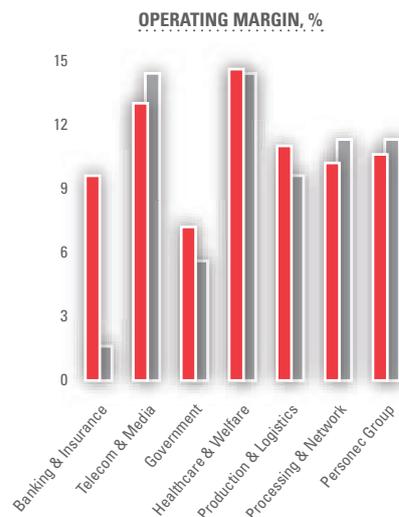
TietoEnator is consulting, developing and hosting its customers' digital businesses

- TietoEnator is among the leading architects in building a more efficient information society. With over 15 000 experts, we are one of the largest IT services providers in Europe.
- Our leading-edge know-how is geared towards developing innovative IT solutions that realize and digitalize the visions of our customers. We work in close partnership helping them to manage and run their business better.
- We've chosen to focus on areas where we have the deepest industry expertise. The principal ones globally are banking, telecom, healthcare and forest. In these areas, we work hand in hand with many of the world's leading companies and organizations. We are growing with them and are now active in more than 25 countries.

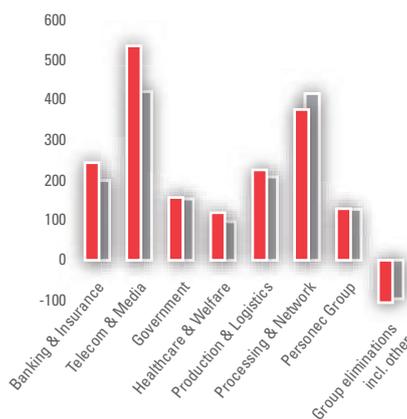


Key Figures

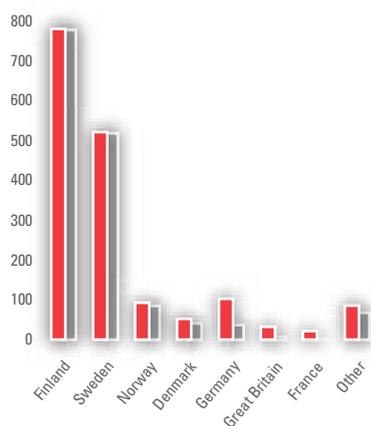
	2005	2004
Net sales, MEUR	1 681.6	1 525.1
Operating profit before goodwill impairment and one-time capital gains, MEUR	164.4	167.8
Margin, %	9.8	11.0
Operating profit (EBIT), MEUR	183.3	162.7
Operating margin, %	10.9	10.7
Profit before taxes, MEUR	173.6	158.1
Earnings per share, EUR	1.75	2.71
Equity per share, EUR	6.60	6.49
Dividend per share, EUR	0.85	1.00
Investments, MEUR	270.3	166.4
Return on equity, %	27.3	45.9
Return on capital employed, %	29.7	32.6
Gearing %	42.0	6.1
Equity ratio, %	39.8	48.8
Personnel on average	14 236	12 527
Personnel on 31 Dec.	15 001	12 773



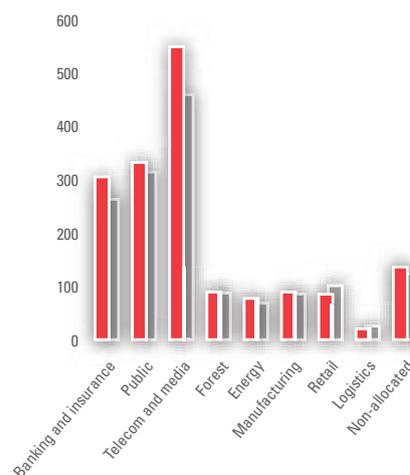
NET SALES BY BUSINESS AREA, EUR MILLION



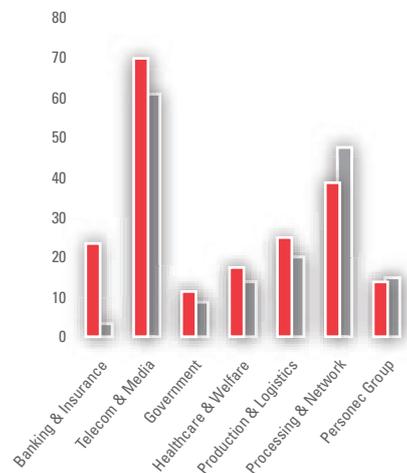
NET SALES BY COUNTRY, EUR MILLION



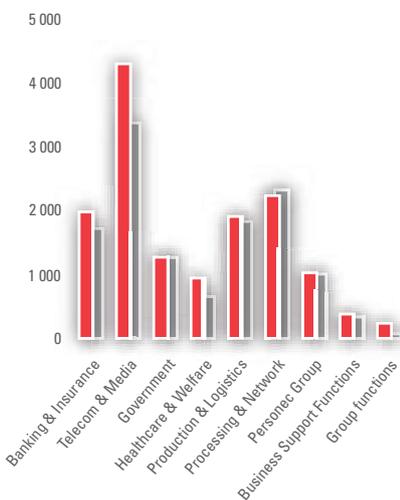
NET SALES BY INDUSTRY SEGMENT, EUR MILLION



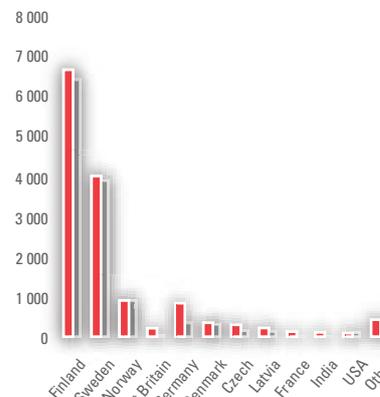
OPERATING PROFIT BY BUSINESS AREA, EUR MILLION



PERSONNEL BY BUSINESS AREA ON AVERAGE



PERSONNEL BY COUNTRY ON AVERAGE



■ 2005 ■ 2004

Report by the Board of Directors

Market trends in 2005

In 2005 demand for IT services and solutions started to show a clear improvement on the years before, when development had been very modest or negative. Demand is based on the need to improve efficiency and accelerate revenue in terms of time-to-market or product innovations. Growth is being driven by systems enhancements and extensions and consulting work rather than by big renewal projects, for which sales cycles are still long. The development of digitalized services and automated services is gaining ground in the market.

Pricing trends are diverse. Modest price increases are possible for stand-alone solutions and services. However, price decreases are typical of full-scale partnership services in the case of customers implementing cost-saving programmes. Global sourcing is having a negative impact on prices and limiting market growth in monetary terms in certain customer industries.

The gradually improving market conditions have not alleviated competition, which remains intense. The fight for growth and market share has driven consolidation in the industry. Most consolidation transactions are being made to increase scale and efficiency.

The labour market in general continues to be favourable despite increased activity. In some specific expertise areas shortages of qualified employees are emerging. Overall wage inflation is moderate.

Development of customer industries

In 2005 TietoEnator experienced growth in all of its vertical businesses, which is a clear change compared with 2004. Net sales of Processing & Network, TietoEnator's infrastructure outsourcing unit, on the other hand declined in 2005.

In the banking sector, partnership customers are putting heavy pressure on prices and this started to have an impact on growth in the fourth quarter of 2005. The banking solutions business is showing a lot of activity and a good level of growth in card and payments systems as well as solutions designed for corporate banking customers. Demand for TietoEnator's corporate cash management solution is high and new contracts were closed with Nordea and Handelsbanken. In the Finnish pension insurance sector activity is at a continuously high level.

In the telecom sector there are clear new growth opportunities in terms of projects and outsourcing contracts. However, the price erosion of the existing business, the increased impact of global sourcing, and customers' plans to reduce current maintenance or development volumes make growth challenging. TietoEnator's low-cost capacity increase in this area has been successful and will continue. To maintain profitability some capacity adjustments in high-cost countries have become necessary.

TietoEnator's government business continued to grow moderately, mostly in Finland and Denmark. All markets can be characterized as competitive with prices under pressure.

The healthcare sector is one of the most prominent growth markets for TietoEnator. The necessity to digitalize health-

care processes is evident in all of Western Europe. Finland and Norway are implementing regional solutions whereas Sweden and Germany are still at a more fragmented stage.

In the energy sector, oil and gas companies are investing in new systems as the incentives for building new oil rigs are high. The Nordic electricity utility business is also performing well. The forest sector business is challenging as customers are still implementing heavy cost-saving programmes. The retail segment is stable.

The processing and network services market is active with a lot of outsourcing opportunities. For customers cost-cutting is often the most important reason for outsourcing, but service quality, security and customer intimacy are increasing in importance. In 2005 TietoEnator implemented a consolidation process to adjust its service offering and cost base to the competitive environment. As a result TietoEnator's competitiveness in the market clearly improved and the company succeeded in closing several important renewals and extensions in the infrastructure outsourcing area in 2005.

At the beginning of 2006 Digital Innovations, TietoEnator's centre for digitalized self-services, was strengthened with the addition of the Group's business process and information integration services and new-generation voice application services. The new Digital Innovations employs around 600 people and offers a leading portfolio of services for networked business operations in Europe.

The Personec Group consists of two businesses: the human resources management business Personec, and the financial management software business Economa. In the HR and payroll outsourcing business customer interest has clearly increased, especially in Finland and Norway. In the Economa business, the market is stable and competitive.

Changes in corporate structure and larger new outsourcing agreements

The biggest acquisitions in 2005 took place in banking and telecom. In April TietoEnator made an offer for the UK AttentiV Systems Group, whose shares were listed on the London AIM (Alternative Investment Market). The acquisition process was completed in late June and AttentiV was consequently de-listed. AttentiV, an experienced provider of software solutions and associated services to the financial services sector in the UK, employed around 330 people at the end of September. AttentiV was consolidated from the beginning of July and in the second half of 2005 it contributed EUR 25 million of TietoEnator's consolidated net sales and EUR 6.2 million of operating profit.

In the insurance sector TietoEnator won several new contracts. The TietoIlmarinen joint venture with 140 employees started operations at the beginning of the year. In March TietoEnator and the insurance company If made a Nordic outsourcing contract covering server management operations and end-user services. Additionally, TietoEnator and the owners of Esy Oy, a Finnish supplier of employee pension IT services, set up a joint venture in which TietoEnator holds 80% of the shares. The joint venture started operations at the beginning

Changes in Structure 2005

Company, country	% of shares	Business	Net sales	Employees	Date	Business Area
ACQUISITIONS / SHARE PURCHASES						
ITB AG, Germany	100%	IT services for healthcare industry	MEUR 7.8 in 2004	173	Jan 2005	H&W
S.E.S.A. Software und Systeme AG, Germany	100%	Telecom R&D services	MEUR 67 in 2004	600	Jan 2005	T&M
Pentec Ltd, Great Britain	100%	IT solutions for the paper and corrugated board industry	MEUR 4 in 2004	46	Apr 2005	P&L (Forest)
AttentiV Systems Group, Great Britain	100%	Software solutions to the financial service sector	MEUR 46.8 for 2004 ending in Sep.	350	Jul 2005	B&I
SIA IT Alise, Latvia	51%	IT professional services company	for 2005 is expected EUR 7 million	200	Sep 2005	T&M
Zait IT Tjänster AB, Sweden	100%	Custom-based system development, products and operation & maintenance services for the healthcare & welfare area	MEUR 3.1 in 2004	43	Sep 2005	H&W
Comnet S.P.A., Italy	65%	IT services for telecom industry	just over EUR 12 million for 2005	160, 80 sub-contractors	Nov 2005	T&M
Waldbrenner AG, Germany	100%	Healthcare IT provider	MEUR 3 in 2004	30	Jan 2006	H&W
ACQUISITIONS / BUSINESS ACTIVITIES						
IFS' s payroll solution, Sweden		Payroll software	MEUR 4.4 in 2004	45	Jan 2005	Personec Group
UpperCase, Sweden		Business system Axapta	less than MEUR 1 in 2004	7	Mar 2005	Personec Group (Economia)
CSC Austria, Austria		ERP business for pulp and paper industry	NA	80	Apr 2005	P & L (Forest)
SAP HR consultation business, Finland		HR consultation	MEUR 1.4 in 2004	13	Apr 2005	Personec (seller TietoEnator, Production & Logistics)
Manpower's HR services, Sweden		Payroll and Human Resource outsourcing services	MEUR 13 in 2005	178	Feb 2006	Personec Group
OUTSOURCINGS / BUSINESS ACTIVITIES (organic growth)						
Pen-Sam, Denmark		Operations and application management	NA	20 in P&N, 7 in P&H	Jan 2005	P&N and P&H
If P&C Insurance Company Ltd, all Nordic countries		Server operations and end-user services	MEUR 13 in 2006	-	Jan 2006	P&N
TeliaSonera Finland, Finland		Software development and service production	MEUR 23 in three years	101	Apr 2005	T&M
IT infrastructure service contract with Saab, Services to Europe, South Africa, Australia, the USA		IT infrastructure services	The total order value for four years based on the current estimate of volume growth close to EUR 80 million.	to be defined later	Q1 2006	P&N
OUTSOURCINGS / JOINT VENTURES (organic growth)						
Tietollmarinen Oy with Ilmarinen Mutual Pension Insurance Company, Finland		TietoEnator IT systems development, management and support services 70%, Ilmarinen 30%	MEUR 19	140	Jan 2005	B&I
Employee pension IT company, Esy Oy, Finland	80%	Develop new business operations and customer services	EUR 22 million in 2005 of which 80% consolidated with TietoEnator	180	Jan 2006	B&I
JV with Saab, Finland		TietoEnator Command and control business 60%, Saab 40%		90	Feb 2006	Government

Company, country	% of shares	Business	Net sales	Employees	Date	Business Area
JV with Alma Media, Finland	TietoEnator 51%, Alma Media 49%	One-to-one marketing	MEUR 8.6 in 2004	12	Jul 2005	P&N
JV with Axiell Bibliotek AB, Finland	TietoEnator 51%, Axiell 49%	Library business in Finland		24	Sep 2005	H&W
DIVESTMENTS						
SAP HR consultation business, Finland		HR consultation	MEUR 1.4 in 2004	13	Apr 2005	Personec (seller TietoEnator, Production & Logistics)
Dotcom Solutions AB, Sweden		Communications platforms for voice, data, video and network services			Jun 2005	
Power Maint systems, Finland		Materials management business operations related to forest industry business	MEUR 1.8	14	Jan 2006	Forest

OTHER CHANGES

Merger of Entra e-Solutions Oy, Octel Oy and Doctorex Oy into TietoEnator Corporation in December 2005.

B&I = Banking & Insurance, T&M = Telecom & Media, P&L = Production & Logistics, H&W = Healthcare & Welfare, G = Government, P&N = Processing & Network, Personec = jointly owned by TietoEnator and Nordic Capital (previously TietoEnators' business Area Resource Management).

of 2006. TietoEnator Esy employs around 180 people.

In December TietoEnator and OMX, the Northern European securities market operator and technology provider, signed a Memorandum of Understanding on setting up a joint venture on IT solutions and services for banks and brokerage firms in Northern Europe. TietoEnator would become the majority owner of the joint venture, which is planned to have over 200 employees.

The acquisition of S.E.S.A. Group was completed in January 2005, increasing TietoEnator's personnel by around 480 employees in Germany and by 120 in France. Financially, S.E.S.A. has been performing very well: its 2005 net sales totalled around EUR 82 million, which represents organic growth of 15% for S.E.S.A. Its operating profit totalled EUR 6.9 million in 2005.

In March TietoEnator and TeliaSonera Finland agreed on the transfer of certain software development and service production activities to TietoEnator and 101 of TeliaSonera's employees moved to TietoEnator.

In August TietoEnator agreed to acquire 51% of SIA IT Alise in Latvia. IT Alise was the largest independent IT professional services company in Latvia and has strong relations with the country's telecom operators. The staff of around 200 further increased TietoEnator's low-cost capacity. The acquisition was completed in early October. In November TietoEnator became a majority owner of Italian Comnet, which mainly provides technical administration and development of systems for telecom operators. Comnet employs around 160 people.

In November TietoEnator and the Swedish defence company Saab announced their plan to set up a joint venture

in the command and control area in Finland combining TietoEnator's current defence business and the business of Saab's Finnish subsidiary. TietoEnator will own 60% of the joint venture, which is expected to start operations in the first quarter of 2006. An agreement on TietoEnator expanding its IT infrastructure services to Saab was concluded in November. TietoEnator will gradually increase the number of Saab end-users it serves from the 6000 (out of a total of 12 000 at Saab) already served today.

The acquisition of the German ITB, a healthcare information systems specialist, was closed in January. The ITB Group brought to TietoEnator around 50 people in Germany and 120 software developers in India. During the year TietoEnator acquired two more companies in the healthcare area: Swedish Zait and German Waldbrenner.

In the forest sector TietoEnator made two acquisitions in the spring of 2005: Pentec in the UK and CSC's ERP business for the pulp and paper industry in Austria.

Personec Group's HR unit made three acquisitions during the year. In the spring it acquired IFS's payroll solution business and TietoEnator's HR consultation business. In December it agreed on its biggest acquisition, Manpower's Swedish business providing payroll and Human Resources outsourcing services with 178 employees. Personec Group's financial management software unit Economa acquired Uppercase in Sweden.

TietoEnator also made several divestments during the year. In May TietoEnator and the Finnish media group Alma Media announced co-operation under which TietoEnator sold its on-line information services business to Alma Media and agreed on setting up a joint venture for direct marketing.

In June TietoEnator divested the shares in its biggest associated company Dotcom AB. The smaller divestments included the sale of the Production & Logistics business area's HR consultation business to Personec, the library business in Finland to the joint venture with the Swedish Axiell Bibliotek AB, and the divestment of the forest industry maintenance and materials management business in Finland.

Financial targets

TietoEnator Group's overall goal is to improve shareholder value through growth, profitability and effective use of capital. The specific long-term targets are:

- Revenue growth of 20%
- Operating margin (EBIT) to exceed 13% (after depreciation, amortization on intangibles and goodwill impairments)
- Each business area to create shareholder value, measured by EVA internally
- Long-term gearing target of 40%
- Dividend payout ratio of around 50% of net income including one-time items. The annual dividend payout will, however, depend on the financial position and the major investment needs of the company.

Net sales

Net sales increased by 10.2% to EUR 1 681.6 (1 525.1) million. Organic growth totalled 1.4%. In local currencies net sales growth was 10.6% and organic growth 1.8%.

The Telecom & Media business area's performance-based rewards from partnership customers contributed EUR 10 million of net sales in 2005 compared with EUR 19 million in 2004. In 2006 these rewards are not expected to have any material impact on growth or profit.

Processing & Network's net sales were reduced by the discontinuation of the zero-margin pass-through invoicing, which in 2005 decreased the business area's net sales in Finland by approx. EUR 13 million.

Full-year growth was 1% in Sweden (3% in local currency), 10% in Norway (5% in local currency) and 0% in Finland. Excluding the discontinued pass-through invoicing the Finnish growth was 2%. Germany grew strongly at 180% due to the two acquisitions – S.E.S.A. and ITB.

The banking and insurance sector accounted for 18% (17) of Group net sales in 2005. Telecom and media increased its share to 33% (30) with the help of the S.E.S.A. acquisition and strong organic growth. The public sector contributed 20% (21) of sales, the forest sector 5% (6) and the energy sector 5% (4).

The order backlog, which comprises only services ordered with binding contracts, amounted to EUR 1 073 (860) million at the end of the year, 25% higher than a year before. Processing & Network's share of the order backlog is about 44%. Approximately 58% (70) is expected to be invoiced in 2006.

Profitability

Operating profit (EBIT) amounted to EUR 183.3 (162.7) million. Operating profit (EBIT) excluding capital gains and impairment losses totalled EUR 164.4 (167.8) million repre-

senting a margin of 9.8% (11.0). Impairment losses were EUR 18.7 million in 2004.

Telecom & Media's performance-based rewards from partnership customers added EUR 9 (12) million to Telecom & Media's profit in 2005. The costs related to Processing & Networks' consolidation process were EUR 11 million. These costs are included in the business area's operating profit.

Operating margin before capital gains and impairment losses in TietoEnator's main markets reached 14.8% (16.6) in Finland and 8.5% (9.9) in Sweden. Profitability in Finland was maintained on a very good level despite the costs of Processing & Network's consolidation process and lower rewards from partnership customers. In Sweden profitability was down mainly in Banking & Insurance, Government and Processing & Network. The average profitability in countries outside Finland and Sweden improved from 2004.

Capital gains for the year totalled EUR 18.9 (13.6) million. In the second quarter EUR 5.8 million in capital gains in Processing & Network resulted from the divestment of the on-line information services business and the joint venture in direct marketing, and EUR 8.9 million at the Group level from the divestment of the associated company Dotcom AB. In the first and fourth quarters TietoEnator recorded small capital gains in Production & Logistics, EUR 1.8 million and EUR 1.0 million respectively. In the third quarter of 2004 TietoEnator had EUR 13.5 million in capital gains from the divestments of real estate.

Operating profit (EBIT) included EUR 6.9 (3.1) million from amortization on acquired intangible assets. Stock option expenses (share-based payments) of EUR 3.0 (1.2) million were included in employee benefit expenses.

Operating profit from entities acquired in 2005, including amortization on acquired intangible assets, totalled EUR 15 million in 2005.

Net financial expenses were EUR 9.7 (4.6) million in 2005. Net interest expenses were EUR 8.3 (1.6) million and one-time net gains/losses from foreign exchange transactions EUR 1.0 (1.4) million.

Income taxes for 2005 were at a low level of EUR 35.6 million, representing an effective tax rate of 20.5%. There was a substantial amount of previously unrecognized deferred tax in respect of tax losses that was recognized in the fourth quarter. In 2004 TietoEnator recorded EUR 119 million in deferred tax income and assets.

Full-year earnings per share totalled EUR 1.75 (2.71). Earnings per share excluding capital gains, impairment of goodwill, amortization on intangibles, stock option expenses and the one-time tax income was EUR 1.66 (1.42).

Return on capital employed (ROCE) was 29.7% and the return on shareholders' equity (ROE) 27.3%.

Financing and investments

Cash flow from operations continued strong and amounted to EUR 205.4 (175.4) million in the full year. Operating profit contributed EUR 227.0 (234.7) million and the increase in working capital consumed EUR 1.2 (37.7) million. Tax pay-

ments were EUR 17.9 (16.1) million as the deferred tax asset was employed.

Net investments used EUR 213.0 (60.3) million of cash. The acquisition payments net of acquired cash totalled EUR 163.6 (84.7) million. The biggest payments were EUR 77 million for S.E.S.A. and EUR 9 million for ITB in January, and EUR 82.7 million for AttentiV in June-July. Divestments generated EUR 25.0 million in cash.

The total dividend payment of EUR 78.7 million was made in April. A EUR 80 million share repurchase programme was executed in September-November.

At the end of 2005 the consolidated balance sheet totalled EUR 1 312.0 (1 087.7) million, a 21% increase compared with 2004. Most of the balance sheet increase was due to the acquisitions of S.E.S.A. and AttentiV.

The equity ratio was 39.8% (48.8). Gearing increased to 42.0% (6.1). Net debt totalled EUR 210.3 (30.9) million including EUR 310.5 million in interest-bearing debt, EUR 22.2 million in financial leasing liability and EUR 99.9 million in cash and cash equivalents. EUR 99.5 million of the debt belonged to the Personec Group. The other interest-bearing debt consists of a three-year EUR 50 million bilateral credit facility, a seven-year EUR 50 million private placement bond and usage of EUR 80 million from the short-term commercial paper programme. At the end of 2005 unused credit facilities totalled EUR 175 million.

Accrual-based investments totalled EUR 270.3 (166.4) million for the period. Capital expenditure including financial leasing accounted for EUR 78.3 (57.1) million, investments in business activities for EUR 10.1 (14.1) million, and investments in subsidiary and associated company shares for EUR 181.9 (95.2) million.

Restatement of Q3/2004 profit and subsequent balance sheets

The Q3/2004 IFRS profit and subsequent balance sheets have been restated as there is a change in the IFRS interpretation concerning the divestment of the minority holding in Personec Group.

In the third quarter of 2004 TietoEnator divested 49% of Personec Group. The divestment realized a net gain for TietoEnator of EUR 68.0 million. Under Finnish accounting standards the gain and corresponding goodwill in respect of the minority holding were recognized. Under IFRS the realized gain has been considered as an intra-group item and eliminated in TietoEnator's consolidation in full. The eliminated gain will be recognized when TietoEnator surrenders its voting power in Personec Group, which is expected to occur at the beginning of 2007.

As a result TietoEnator's IFRS interim and annual financial statements have been restated. The restatement affects the income statement in Q3/2004 and the full year 2004 as well as the balance sheet at Q3/2004 and all subsequent balance sheets. Income statement items affected include the profit and key figures related to profitability. Balance sheet items affected include goodwill, shareholders' equity, total assets and

key figures related to the balance sheet. All restated quarterly figures for Q3/2004 – Q3/2005 can be found on TietoEnator's website at www.tietoenator.com/restatement.

TietoEnator's official financial statements for 2004 will remain unchanged and the restatement does not have any impact on business operations, cash flow or dividend. The expected recognition of the gain under IFRS will have no impact on dividend or rewards from incentive systems.

Personnel

The number of full-time employees totalled 15 001 (12 773) at the end of 2005. Acquisitions and new outsourcing contracts added around 1 870 employees during the year. Recruitment increased from the previous year: a total of 1 698 (933) employees were hired.

Personnel adjustments reduced staff by 350 during 2005.

Employee turnover is on a slowly increasing trend and stood at 6.9% (5.1).

On average the number of employees totalled 14 236 (12 527) in 2005.

At the end of 2005 the number of people in low-cost countries totalled about 1 200. TietoEnator is planning to increase its low-cost staff to roughly 2 000 by the end of 2006. TietoEnator considers that in the long-term up to 40% of its workforce can be located in low-cost countries.

The Group-level personnel development programmes to support growth and internationalization launched in 2004 continued in 2005. A new initiative to develop a TietoEnator-wide career and learning path for sales professionals was created. BRIDGE, TietoEnator's competence and performance management system, was taken into use broadly in the organization. The company's formalized management planning system was expanded to cover all managerial levels, approximately 1 500 individuals.

Risk management

TietoEnator's financial risks and risk management are described in the financial statements on page 50. The general risk management practices are described in the corporate governance section of the Business Review. TietoEnator is subject to business and market risks that are typical of the industry. The Group has not identified any exceptional risks that would have a significant impact on its financial position.

Board of Directors, management and organization

TietoEnator's Annual General Meeting on 17 March 2005 re-elected the following previous Board members: Bengt Halse, Kalevi Kontinen, Matti Lehti, Olli Martikainen, Olli Riikkala and Anders Ullberg. Mariana Burenstam-Linder was elected as a new member. Subsequently, the Board of Directors elected Kalevi Kontinen as its chairman and Anders Ullberg as its vice chairman. Of the Board committees the Compensation and Nomination Committee comprises Kalevi Kontinen (chairman) and Bengt Halse. The Audit and Risk Committee comprises Anders Ullberg (chairman), Olli Martikainen and Olli Riikkala.

In October TietoEnator's Board of Directors appointed the previous Chief Operating Officer Pentti Heikkinen as the Group's President and CEO effective 1 January 2006. Matti Lehti, the previous President and CEO, was elected as the Board's Chairman also effective 1 January 2006.

In July TietoEnator's Public & Healthcare business area was divided into two: Government and Healthcare & Welfare. Anja Vainio was appointed President of Government and Carl-Johan Lindfors President of Healthcare & Welfare. Ari Karppinen was appointed President of the Processing & Network business area from October.

In November TietoEnator announced a further reorganization taking effect at the beginning of 2006. Forest and Energy, previously business units within the Production & Logistics business area, now form a new business area called Forest & Energy. The remaining verticals within Production & Logistics - Manufacturing and Retail - form a new business area with Government called Government, Manufacturing & Retail.

Two new Group-level units called Strategic Customer Operations and Operational Excellence were established as well. Strategic Customer Operations includes the Strategic Customer Programme, Strategic Offering, Strategic Marketing and the Executive Advisors units. Operational Excellence is responsible for global sourcing, process development, purchasing and vendor management, technical infrastructure and applications, and centralized administrative services.

The following appointments were announced in conjunction with these changes:

- Carl-Harald Andersson, President of Forest & Energy
- Anja Vainio, President of Government, Manufacturing & Retail
- Pentti Huusko, Senior Vice President, Operational Excellence
- Pekka Viljakainen, Senior Vice President, Strategic Customer Operations
- Juhani Strömberg, Senior Vice President, Strategic Offering
- Päivi Lindqvist, Senior Vice President, Communications and Investor Relations

The President and CEO, Deputy CEO, business area presidents and heads of the corporate functions form the new Corporate Management Team (CMT).

Shares and options

TietoEnator's Annual General Meeting in March decided to nullify all 4 144 322 shares repurchased in 2004. The AGM also authorized the Board of Directors to repurchase a maximum of 10% of the company's shares and to issue share and options rights or raise convertible bond loans.

In July TietoEnator's Board of Directors decided to start a share repurchase programme. Under the 2005 AGM authorization shares are being purchased to develop the company's capital structure. The repurchases started in September and the maximum amount to be used, EUR 80 million, was reached on 17 November. A total of 2 903 860 shares were purchased at an average price of EUR 27.54. The company now holds 3.7% of its shares and voting power. TietoEnator's

Board of Directors will propose the cancellation of all repurchased shares to the AGM in 2006.

In December TietoEnator's Board of Directors decided on a three-year share-based incentive plan for TietoEnator's key employees. Incentive rewards can be paid either as shares or in cash during the years 2007-2009. The share part of the programme has a maximum scope of 200 000 shares for the whole three-year period.

In April the Board of Directors allocated a further 500 000 B options from the 2002 stock option programme to managers and key employees. The subscription period for the 1999 warrants ended in May. Altogether 1,983,440 warrants expired unused. The subscription period for the 2002 option programme's A options started on 1 December 2005. By 30 December 1 950 shares had been subscribed and 1 200 of them were registered as increased share capital in 2005.

The outstanding number of shares adjusted for the shares in the company's possession was 75 838 712 at the end of 2005. The average number of shares was 78 063 022. The registered number of shares was 78 743 322.

The average share price in the fourth quarter and the full year exceeded the subscription price of the 2002 options programme, thus resulting in minor dilution. The diluted number of shares was 76 142 318 at the end of the period. The average diluted number of shares was 78 167 173.

The Board of Directors' authorization to issue share and option rights or raise convertible bond loans was not used during the year.

Dividend proposal

According to TietoEnator's dividend policy the Board of Directors is proposing a dividend of EUR 0.85 (0.40+0.60) per share for the year 2005. The proposed dividend represents a payout ratio of 49%.

Some items affecting 2006 full-year accounts

The acquisitions finalized up to this date are expected to contribute around 4% of growth in the first quarter of 2006 and 2% in the full year (this does not include the joint venture with OMX).

Telecom & Media's restructuring process in Sweden is expected to cost around EUR 5 million in the first quarter of 2006. Due to expected savings this does not have an impact on full-year profit.

TietoEnator expects to record a capital gain of EUR 5.1 million from the joint venture transaction with Saab in the first quarter.

TietoEnator expects amortization on intangible assets of around EUR 8 million and stock option expenses and costs related to the share-based incentive programme of around EUR 7 million in 2006. These are included in the Group's operating profit.

Prospects for first quarter and full year 2006

In 2006 organic growth is expected to increase and to represent a bigger share of TietoEnator's total growth than in

Financial Figures

FIVE-YEAR FIGURES	2005 IFRS	2004 IFRS	2003 FAS	2002 FAS	2001 FAS
Net sales, EUR million	1 681.6	1 525.1	1 374.3	1 271.1	1 135.2
Operating profit (EBIT), EUR million	183.3	162.7	102.7	99.8	251.8
Operating margin, %	10.9	10.7	7.5	7.9	22.2
Profit before taxes, EUR million	173.6	158.1	100.6	100.4	258.0
% of net sales	10.3	10.4	7.3	7.9	22.7
Total assets, EUR million	1 312.0	1 087.7	807.7	845.0	801.2
Return on equity, % *)	27.3	45.9	14.1	13.7	47.1
Return on capital employed, % *)	29.7	32.6	23.1	23.0	59.9
Equity ratio, %	39.8	48.8	60.8	55.5	61.9
Gearing, %	42.0	6.1	1.4	13.6	-36.6
Investments, EUR million	270.3	166.4	61.6	282.9	125.2
% of net sales	16.1	10.9	4.5	22.3	11.0
Average number of employees	14 236	12 527	11 836	11 153	9 739
Personnel on 31 December	15 001	12 773	11 680	11 991	10 275

*) In the calculation of the year 2004 return on equity and return on capital employed in the 12-month average denominator the balance sheet items concerning year 2003 are according to FAS and are not restated according to IFRS.

KEY FIGURES BY QUARTER	2005 1-3	2005 4-6	2005 7-9	2005 10-12	2005 1-12	2004 1-3	2004 4-6	2004 7-9	2004 10-12	2004 1-12
Net sales, EUR million	408.1	429.0	380.4	464.1	1 681.6	380.5	383.8	331.4	429.4	1 525.1
Operating profit (EBIT), EUR million	36.1	56.4	36.3	54.5	183.3	41.9	37.8	37.1	45.9	162.7
Net financial items, EUR million	-1.1	1.3	-9.0	-0.9	-9.7	0.0	0.0	-3.2	-1.4	-4.6
Profit before taxes, EUR million	35.0	57.7	27.3	53.6	173.6	41.9	37.8	33.9	44.5	158.1
Earnings per share, EUR										
- basic	0.31	0.57	0.24	0.64	1.75	0.36	1.78	0.27	0.30	2.71
- diluted	0.31	0.57	0.24	0.64	1.75	0.36	1.78	0.27	0.30	2.71
Earnings per share, EUR ^{a)}	0.33	0.42	0.26	0.66	1.66	0.36	0.35	0.33	0.38	1.42
Equity per share, EUR	6.84	6.40	6.24	6.60	6.60	5.89	7.18	7.40	6.49	6.49
Equity ratio, %	45.6	40.2	39.3	39.8	39.8	53.5	56.0	55.8	48.8	48.8
Net interest-bearing liabilities, EUR million	97.8	230.2	222.8	210.3	210.3	0.8	5.9	-60.9	30.9	30.9
Gearing %	18.2	45.7	46.3	42.0	42.0	0.2	1.0	-10.0	6.1	6.1
Investments, EUR million	134.3	9.0	104.5	22.5	270.3	87.3	23.2	15.3	40.6	166.4
Personnel at end of period	13 723	14 053	14 435	15 001	15 001	12 393	12 531	12 453	12 773	12 773
Personnel on average	13 634	14 029	14 407	14 872	14 236	12 457	12 450	12 457	12 743	12 527

a) Excluding goodwill impairments, amortization on allocated intangible assets from acquisitions, stock option expenses and one-time capital gains and deferred tax income.

recent years. This is based on an improving market environment and TietoEnator's own investments in sales processes, service offering development and strengthening of the marketing messages. Growth in the international markets is expected to be higher than in Finland and Sweden.

TietoEnator's global sourcing activity will increase strongly through further investments in the company's low-cost sites. TietoEnator will intensify its cost-cutting programmes that have been ongoing for the past two years. Additionally, the company is prepared to divest or terminate businesses that are continuously showing low profitability. All these activities will with time improve the Group's profitability.

In the first quarter of 2006 organic growth is expected to be higher than the impact of acquisitions already completed, which is 4%. The EBIT margin excluding capital gains but including restructuring expenses is expected to range between 8% and 11% in the first quarter.

For the full year 2006 TietoEnator expects total growth of 8-12%, the majority of which will be derived from organic growth. The EBIT margin excluding capital gains but including restructuring expenses is expected to range between 9% and 11%.

Income Statement (IFRS)

EUR million	Note	Consolidated	
		1 Jan -31 Dec 2005	1 Jan - 31 Dec 2004
Net sales	1	1 681.6	1 525.1
Other operating income	2	25.2	24.5
Cost of sales		267.1	214.2
Employee benefit expenses	5,6	937.6	819.9
Depreciation and amortization	10,11	62.5	63.8
Impairment of goodwill	10	-	18.7
Other operating expenses	3	256.5	271.8
Share of associated companies' results		0.2	1.5
Operating profit		183.3	162.7
Financial income and expenses	7	-9.7	-4.6
Profit before taxes		173.6	158.1
Income taxes	8	-35.6	65.2
Net profit for the period		138.0	223.3
Net profit for the period attributable to			
Shareholders of the parent company		136.3	222.3
Minority interest		1.7	1.0
		138.0	223.3
Earnings attributable to the shareholders of the parent company per share (EUR)	9		
Basic		1.75	2.71
Diluted		1.75	2.71
Average number of shares (1 000 shares)			
Basic		78 063	81 978
Diluted		78 167	81 978

Comments to the Income Statement

Net sales increased by 10.2%. Organic growth was 1.4%, which also includes new outsourcing and partnership agreements. In local currencies the growth was 1.8%.

Other operating income consists mainly of gains on sales of fixed assets as well as rental income. Several smaller divestments took place during 2005 and altogether they resulted in capital gains totalling EUR 18.9 million.

Employee benefit increased by 14% and represented 55.8% (53.8%) of net sales. The result-based bonuses were EUR 19.3 (19.3) million. The average number of employees was 14 236 (12 527). The average growth in salaries of IT consultants and similar employees was around 3% in Finland and 2.5% in Sweden. Employee benefit expenses include EUR 3.0 (1.2) million of stock option expenses (share-based payments).

Operating profit (EBIT) was EUR 183.3 (162.7) million and EUR 164.4 (167.8) million excluding capital gains and impairment losses. This corresponds to an operating margin of 9.8% (11.0%).

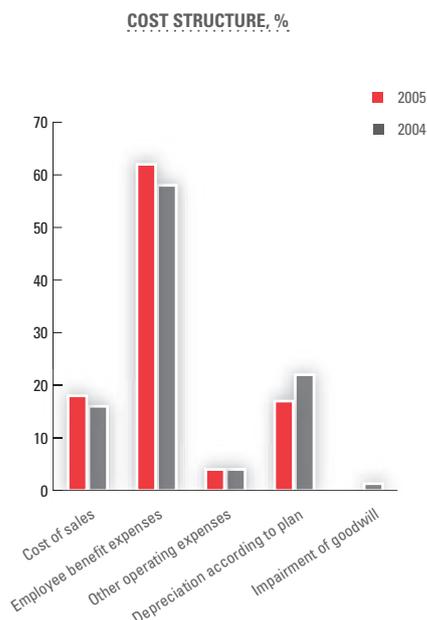
Amortization on acquired intangible assets totalled EUR 6.9 (3.1) million. Impairment losses in 2004 totalled EUR 18.7

million.

Financial income and expenses increased compared to the previous year mainly due to increased net debt. The balance sheet had a net debt position of EUR 210.3 (30.9) million.

Tax expenses reported on the year include EUR 12.0 million payable on the profit for the year. EUR 0.1 million is related to taxes for previous years and EUR 23.5 million to the change in deferred taxes. The tax rate was 26% in Finland and 28% in Sweden. The effective tax rate at the Group level was 21%. In 2005 TietoEnator was able to recognize and partly utilize some unrecognized deferred tax assets in respect of tax losses, which explains the lower than normal effective tax rate.

Cost structure	2005	2004
Costs of sales	17.5%	15.4%
Employee benefit expenses	61.5%	59.1%
Other operating expenses	16.9%	19.6%
Depreciation according to plan	4.1%	4.6%
Impairment of goodwill	-	1.3%
Total	100%	100%



Balance Sheet (IFRS)

EUR million	Note	31 Dec 2005	31 Dec 2004
ASSETS			
Non-current assets			
Intangible assets	10	73.9	50.9
Goodwill	10, 14, 15	436.9	286.8
Tangible assets	11	111.0	87.1
Deferred tax assets	17	98.3	120.5
Investments in associated companies	12	5.0	12.4
Other non-current assets	13	2.0	1.9
Total non-current assets		727.1	559.6
Current assets			
Interest-bearing		0.4	0.2
Trade and other receivables	18	484.6	437.2
Cash and cash equivalents	19	99.9	90.7
Total current assets		584.9	528.1
Total assets		1 312.0	1 087.7
EQUITY AND LIABILITIES			
Share capital	20	78.7	82.9
Share issue premiums and other reserves	20	62.7	94.8
Retained earnings		347.3	324.2
Parent shareholders' equity		488.7	501.9
Minority interest		12.2	9.5
Total equity		500.9	511.4
Non-current liabilities			
Finance lease liability	24, 25	22.2	7.5
Shareholders' loan	25	37.0	36.9
Other interest-bearing loans	25	106.0	72.3
Deferred tax liabilities	17	23.3	16.5
Pension obligations	22	53.4	57.5
Provisions	23	9.6	13.0
Other non-current liabilities		1.1	0.0
Total non-current liabilities		252.6	203.7
Current liabilities			
Trade and other payables	26	413.2	367.4
Interest-bearing loans	25	145.3	5.2
Total current liabilities		558.5	372.6
Total equity and liabilities		1 312.0	1 087.7

Comments to the Balance Sheet / Assets

The balance sheet total increased by 20.6% from EUR 1 087.7 million to EUR 1 312.0 million.

New acquisitions increased goodwill by EUR 141.8 million and partnerships and asset deals by EUR 8.7 million. Direct capital expenditures on fixed assets including new finance lease agreements were EUR 78.3 million. Non-current assets include a deferred tax asset of EUR 98.3 million.

Distribution of total assets 31 Dec

	2005	2004
Intangible assets	5.6%	4.7%
Goodwill	33.3%	26.4%
Real estate	0.5%	0.4%
Other tangible assets	7.9%	7.6%
Shares in associated companies	0.4%	1.1%
Other assets	44.7%	51.5%
Cash and cash equivalents	7.6%	8.3%
Total	100.0%	100.0%

Comments to the Balance Sheet / Equity and Liabilities

The total amount of equity decreased by EUR 10.5 million. The profit for the year increased equity by EUR 136.3 million. The dividend payment decreased it by EUR 78.8 million and share repurchases by EUR 80.0 million.

Interest-bearing liabilities totalled EUR 310.5 million and consisted of TietoEnator's borrowing from financial institutions of EUR 188.8 million, Personec Group's interest-bearing debt of EUR 99.5 million and a finance lease liability of EUR 22.2 million.

The Group has a 3-year EUR 150 million credit facility signed in June 2004, a 3-year bilateral EUR 50 million loan agreement signed in June 2005, a 7-year EUR 50 million private placement programme also signed in June 2005 and commercial paper programme for EUR 250 million. At the end of December both the 3-year bilateral and 7-year private placement agreements were in use. In addition EUR 80 million was in use from the commercial paper programme. The Group has also uncommitted credit limits of about EUR 5 million that were not in use at the end of December.

Distribution of total equity and liabilities 31 Dec

	2005	2004
Share capital	6.0%	7.6%
Other Parent shareholders' equity	31.3%	38.5%
Minority interest	0.9%	0.9%
Interest-bearing liabilities	23.7%	11.2%
Non-interest-bearing debt	38.1%	41.8%
Total	100.0%	100.0%

Statement of Cash Flows

EUR million	Consolidated	
	1 Jan -31 Dec 2005	1 Jan -31 Dec 2004
Cash flow from operations		
Operating profit	183.3	162.7
Adjustments to operating profit		
Depreciation and amortization	61.8	83.9
Profit/loss on sale of fixed assets and shares	-20.9	-12.1
Share of associated companies' results	-0.2	-1.5
Other adjustments	3.0	1.7
Change in net working capital		
Change in current receivables	-30.3	-103.8
Change in inventories	-0.1	-0.1
Change in current non-interest-bearing liabilities	29.2	66.2
Cash generated from operations	225.8	197.0
Interest income received	2.0	3.1
Interest expenses paid	-3.3	-5.0
Other financial items net	-1.2	-3.6
Income taxes paid	-17.9	-16.1
Net cash flow from operations	205.4	175.4
Cash flow from investing activities		
Acquisition of Group companies and business operations, net of cash acquired	-163.6	-84.7
Capital expenditures	-76.2	-57.1
Disposal of business operations and associated company	25.0	0.0
Sale of real estate	0.0	72.5
Other investing activities	1.8	9.0
Net cash used in investing activities	-213.0	-60.3
Dividends and donations	-79.9	-82.0
Repurchase of own shares	-80.0	-97.4
Proceeds from finance lease liabilities	16.6	5.2
Payment of finance lease liabilities	-6.8	-9.7
Net cash change in other financing activities	166.1	98.5
Net cash change in financing activities	16.0	-85.4
Change in cash and cash equivalents	8.4	29.7
Cash and cash equivalents at beginning of period	-90.7	-61.1
Foreign exchange differences	-0.7	0.1
Cash and cash equivalents at end of period	99.8	90.7
	8.4	29.7

Statement of Changes in Equity

EUR million	Parent shareholders' equity				Minority interest	Total equity
	Share capital	Share issue premiums and other reserves	Translation differences	Retained earnings		
Balance at 31 Dec 2003	82.9	67.6	-8.7	316.0	3.9	461.7
Translation difference		0.4	2.7	-0.6		2.5
Minority interest					4.6	4.6
Transfer between restricted and non-restricted equity		26.8		-26.8		0.0
Share-based payments recognized against equity				1.2		1.2
Dividend				-80.9		-80.9
Own shares purchased				-97.4		-97.4
Other changes				-3.6		-3.6
Net profit for the period				222.3	1.0	223.3
At 31 Dec 2004	82.9	94.8	-6.0	330.2	9.5	511.4
Balance at 31 Dec 2004	82.9	94.8	-6.0	330.2	9.5	511.4
Translation difference		-1.3	-2.2	6.0		2.5
Minority interest					1.0	1.0
Cancellation of own shares	-4.2	4.2				0.0
Transfer between restricted and non-restricted equity		-35.0		35.0		0.0
Share-based payments recognized against equity				3.0		3.0
Dividend				-78.8		-78.8
Own shares purchased				-80.0		-80.0
Exercise of share options	0.0	0.0		0.0		0.0
Other changes				3.8		3.8
Net profit for the period				136.3	1.7	138.0
At 31 Dec 2005	78.7	62.7	-8.2	355.5	12.2	500.9

Notes to the Consolidated Financial Statements

ACCOUNTING PRINCIPLES FOR THE CONSOLIDATED ACCOUNTS

Corporate information

TietoEnator Corporation is a Finnish public limited company organized under the laws of Finland and domiciled in Espoo. The company is listed on the Helsinki and Stockholm stock exchanges.

Basis of preparation

These are the first consolidated financial statements of TietoEnator Corporation in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. Prior to IFRS, TietoEnator's financial reporting was based on Finnish Accounting Standards (FAS). The consolidated financial statements are presented in million of euros and have been prepared under the historical cost convention, unless otherwise stated in these accounting principles.

In 2005 TietoEnator adopted IFRS standards applying the IFRS 1 – First-time Adoption of International Financial Reporting Standards. The transition date was 1 January 2004. However, for adoption of IAS 39 (Financial Instruments: Recognition and Measurement) and IAS 32 (Financial Instruments: Disclosure and Presentation), the transition date was 1 January 2005. For financial instruments, TietoEnator utilized the exemption for a first-time adopter of IFRS not to restate the comparative figures for 2004. The effects of the adoption of IFRS are summarized at the end of the accounting principles. Comparative figures for 2004 have been restated to comply with IFRS.

Consolidation principles

The consolidated financial statements include the parent company TietoEnator Corporation and all subsidiaries over which the parent company has direct or indirect control.

Subsidiaries are consolidated from the date of acquisition until the date of divestment.

Subsidiaries acquired prior to 1 January 2004 are consolidated in accordance with the originally applied accounting and consolidation principles pursuant to the exemption under IFRS 1. Subsidiaries acquired on or after 1 January 2004 are consolidated in accordance with IFRS 3 – Business Combinations.

TietoEnator Corporation holds interests in companies for which it has assumed management responsibility and which are jointly controlled. Such companies have been consolidated in accordance with IAS 31 – Interests in Joint Ventures. TietoEnator Group's shares of the assets, liabilities, income and expenses have been included in the consolidated financial statements.

TietoEnator Group holds interests in associated compa-

nies in which it has significant influence. These interests are consolidated in accordance with the equity method, under which they are carried at cost plus post-acquisition changes in the Group's share of the company's net assets. Goodwill arising on acquisition is included in the carrying amounts of the investments and tested for impairment as part of the investments. Goodwill is not amortized.

The Group's share of the results of operations of the associated companies is shown separately under the operating profit.

Intra-group receivables, payables and transactions including dividends and internal profit are eliminated on consolidation.

Minority interests are shown separately under consolidated shareholders' equity.

Use of estimates

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from the estimates.

Segment reporting

TietoEnator Group's operating structure is divided into business areas comprising defined customer segments. These business areas have been defined as the primary segments reported under IAS 14 – Segment Reporting. Geographical areas have been defined as the secondary segments.

Foreign currency transactions

Foreign currency transactions are recorded at the exchange rate prevailing on the transaction date. The foreign currency items at the end of the financial period are valued at the average exchange rates on the balance sheet date. Foreign exchange gains and losses related to business operations are included in operating profit, and foreign exchange gains and losses associated with financing are reported in financial income and expenses.

In the consolidated financial statements, the income statements of subsidiaries whose functional currencies are not the euro are translated into euros using the average rates at the end of each month. Their balance sheets are translated using the average rate on the balance sheet date.

Translation differences arising from the consolidation are disclosed separately in consolidated equity. When a subsidi-

ary is sold, any translation differences are recognized in the income statements as part of the gain or loss on the sale.

Revenue recognition

Revenue comprises the fair value for the sale of IT services and goods, net of value-added tax, discounts and exchange differences. Services mainly include the development of customized software solutions, maintenance of software solutions, and processing and network services. Goods mainly include sales of software licences.

Sales of services are recognized in the accounting period in which the service is rendered. Revenue from fixed price and similar types of customer agreements is recognized according to the percentage of completion method provided that the degree of completion can be assessed reliably and the amount of the income and costs related to the service contract can be estimated reliably. If these conditions are not met, revenue only equal to costs incurred to date are recognized to the extent that such costs are expected to be recovered. Provisions are made for losses in connection with long-term contracts when these losses are identified and the amounts can be reliably estimated.

Sales of goods are recognized when the decisive risks and rewards that are connected with the ownership of the goods sold are transferred to the buyer and the seller retains neither a continuing right to dispose of the goods, nor effective control of those goods.

Other operating income

Other operating income mainly includes gains from assets disposals and rental income.

Research and development costs

Research costs are expensed as incurred. Development expenditures related to major new business concepts and software products are capitalized as intangible assets when their future recoverability can reasonably be established and the other requirements under IAS 38 are met. The intangible assets are carried at cost less any accumulated amortizations and accumulated impairment losses.

Income taxes

Income taxes include the current taxes of Group companies based on taxable profit for the year, together with tax adjustments for previous years and the change in deferred taxes. Income tax which relates to items recognized directly in equity is recognized directly in equity as well.

A deferred tax asset or liability has been determined for temporary differences between the tax bases of assets and liabilities and their financial reporting amounts, using enacted tax rates effective for future periods. The most significant

temporary differences arise from tax losses carried forward, depreciation differences and employee benefits. The following temporary differences are not accounted for: goodwill not deductible for taxation purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not be reversed in the foreseeable future.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The deferred tax assets and liabilities arising from consolidation are recognized in the consolidated balance sheet if it is probable that tax effects will occur.

Goodwill

Goodwill arising from acquisitions prior to 1 January 2004 has been recognized in accordance with the accounting and consolidation principles applicable at the date of acquisition. The carrying value of goodwill at 1 January 2004 has been stated at cost less accumulated amortization and impairment losses. The carrying value has been tested for impairment in accordance with the requirements of IFRS 1. Goodwill arising from acquisitions on or after 1 January 2004 has been recognized and accounted for in accordance with IFRS 3 – Business Combinations.

Goodwill is initially measured at cost. Cost is the excess of the cost of the business combination over the Group's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Subsequently goodwill is measured at cost less accumulated amortization and any accumulated impairment losses.

The carrying value of goodwill at 1 January 2004 and the cost of goodwill arising from acquisitions on or after 1 January 2004 is not amortized. Such goodwill is tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Intangible assets

Acquired intangible assets are capitalized at cost. Intangible assets acquired in business combinations are capitalized at fair value at the date of acquisition. The useful lives of the intangible assets are assessed to be either finite or indefinite. Intangible assets with finite useful lives are amortized over their useful lives. Intangible assets with indefinite useful lives are tested for impairment at least annually. Intangible assets recognized by TietoEnator Group in business combinations are usually customer or technology related and have finite useful lives. Marketing-related intangible assets are not recognized by TietoEnator because of its branding policy of

not continuing to use the trademarks or brands of acquired entities.

Impairment testing of goodwill

Goodwill acquired in a business combination is tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of impairment testing goodwill is allocated to cash-generating units (CGU) based on the Group's management reporting structure used for monitoring business operations. If the carrying amount of a CGU exceeds its recoverable amount an impairment loss equal to the difference is recognized.

The recoverable amount of a CGU is determined as its value in use represented by the net present value of its future cash flows.

Property, plant and equipment

Fixed assets are carried at cost less accumulated depreciation. Depreciation is charged according to plan based on the estimated economic lives of the individual assets and accounted for in accordance with the straight-line method.

The Group applies the following economic lives:

	Years
Buildings	40
Data processing equipment *)	1-4
Other machinery and equipment	5-8
Other tangible assets	10

*) Purchases of personal computers are expensed immediately.

Leases

Lease agreements are classified as finance and operating leases. Significant assets procured under finance lease agreements are capitalized as fixed assets, and the annual rents are disclosed as depreciation and interest expenses in the income statement. The rents for operating leases are expensed as incurred.

Financial instruments

TietoEnator applies the December 2003 versions of standards IAS 32 (Financial Instruments: Disclosure and Presentation) and IAS 39 (Financial Instruments: Recognition and Measurement) as of 1 January 2005. In accordance with the exemption included in the transition rules for first-time adopters of IFRS, comparative information for 2004 need not comply with IAS 32 and IAS 39. The values of the financial instruments are therefore presented in the 2004 comparative information under IFRS as they were reported in the interim and annual statements under FAS. Retrospective application of these standards would not have resulted in any material adjustments to the 2004 financial statements under IFRS.

Under FAS TietoEnator's foreign exchange derivatives

were measured at fair value and related changes were presented under financial items in the income statement. Investments in equity and money market instruments were measured at initial cost. Interest-bearing liabilities were divided into current and long-term liabilities and bank overdrafts were included in current liabilities.

Under IFRS financial instruments are recorded initially at fair value. Subsequent measurement depends on the designation of the instruments, as follows:

- Investments in equity instruments, except for investments in associated companies and joint ventures, are classified as assets available-for-sale. These investments are measured at fair value unless a fair value cannot be measured reliably and unrealized gains and losses are recognized directly under shareholders' equity. When the investment is sold, the accumulated fair value adjustment is recognized in income. Investments in money market instruments are reported as short-term deposits under cash and cash equivalents.
- Fixed deposits, comprising principally funds held with banks and other financial institutions, and short-term borrowings and overdrafts as well as long-term loans, are classified as loans and receivables and held at amortized cost.
- Derivatives, comprising foreign exchange contracts and options (and embedded derivatives), are classified as held for trading and valued at fair value. Related valuation changes are reported in the income statement. Derivatives are used for hedging purposes only.

Trade and other receivables

Trade and other receivables are initially measured at cost. A provision is made for doubtful receivables based on individual assessment of potential risk and recognized in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with banks and other liquid investments with a maturity of less than 3 months. Bank overdrafts are included in short-term borrowings under current liabilities.

Provisions

A provision is a liability of uncertain timing or amount, which should be recognized when the entity has a present legal or constructive obligation as a result of a past event and it is more likely than not that an outflow of economic benefits will be required to settle the obligation. An entity should also be able to make a reliable estimate of the obligation.

Provisions arise from social security contributions on share options, pension benefit liabilities, major restructuring plans, material loss-making contracts and legal claims. Obligations arising from restructuring plans are recognized

when the detailed and formal plan has been established and announced.

Employee benefits

TietoEnator Group operates a number of different pension plans in accordance with national requirements and practices. The majority of the plans are classified as defined contribution plans. Payments to defined contribution plans are recognized as expenses for the period to which they relate. After payment of the contribution TietoEnator Group has no further obligations in respect of such plans.

For defined benefit pension plans the liability equals the present value of the defined benefit obligation less the fair value of the plan assets adjusted for unrecognized actuarial gains and losses and unrecognized past service costs. The cost of providing pensions is computed and charged to the income statement in accordance with the requirements of IAS 19 – Employee Benefits. The benefit at 1 January 2004 has been accounted for in accordance with the exemption provided in IFRS 1 recognizing all actuarial gains and losses. The corridor approach under IAS 19 will be applied to actuarial gains and losses arising after 1 January 2004.

Share-based payments

TietoEnator uses warrants and options in its employee option programmes. IFRS 2 – Share-based Payments will be applied to share options granted after 7 November 2002 and vesting after 31 December 2004. Under IFRS 2, the services rendered by the employees as consideration for the options are allocated to the vesting period. The cost of such services

is measured by reference to the fair value of the options at the grant date.

Equity, dividends and own shares

Dividends proposed by the Board of Directors are not deducted from distributable equity until approved by the shareholders at the Annual General Meeting.

When TietoEnator Corporation's own shares are repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a deduction in equity.

Earnings per share

Earnings per share is calculated by dividing the net profit attributable to the shareholders of the company by the weighted average number of shares in issue during the year, excluding shares purchased by TietoEnator Corporation. Diluted earnings per share is calculated as if the warrants and options were exercised at the beginning of the period. In addition to the weighted average number of shares outstanding, the denominator includes the incremental shares obtained through the assumed exercise of the warrants and options. The assumption of exercise is not reflected in earnings per share when the exercise price of the warrants and options exceeds the average market price of the shares during the period. The warrants and options have a diluting effect only when the average market price of the share during the period exceeds the exercise price of the warrants and options.

EUR million	2004 1-12
Reconciliation of profit for the period	
Profit for the period according to FAS	261.7
IFRS adjustments:	
IFRS 3 Business Combinations	
* reversal of the amortization of goodwill	58.5
* recognition of goodwill	0.3
* impairment losses	-18.7
* amortization of allocated intangible assets	-3.1
* Personec minority interest	-3.8
IAS 19 Employee Benefits	
* change in pension obligations	1.8
Adjustment of net capital gain on Personec divestment	-68.4
IFRS 2 Share-based Payment	-1.2
IAS 12 Income Taxes	-4.5
Other IFRS adjustments	-0.3
Total IFRS adjustments	-39.4
Profit for the period according to IFRS	222.3

EUR million	2003 31 Dec	2004 31 Dec
Reconciliation of shareholders' equity		
Shareholders' equity according to FAS	475.4	597.4
IFRS adjustments:		
IAS 19 Employee Benefits	-25.4	-29.2
IFRS 2 Share-based Payment	0.0	1.2
IAS 12 Income Taxes	7.5	8.7
Reclassification of minority interest into equity	3.9	9.5
Change in minority interest because of IFRS adjustments	-0.3	-0.7
Reclassification of shareholders loan to liabilities	-	-36.9
Restated elimination of internal goodwill, and related exchange differences	-	-3.1
Other IFRS adjustments	2.3	2.9
Exchange differences	-1.7	1.0
	-13.7	-46.6
IFRS adjustments on profit for the period	-	29.0
Adjustment of net capital gain on Personec divestment	-	-68.4
Shareholders' equity according to IFRS	461.7	511.4

Concerning the reconciliation of other comparison figures from FAS to IFRS please refer to the release dated 28 February 2005.

Notes to the Financial Statements

1. SEGMENT INFORMATION

Net sales by business area, EUR million	2005 1-12	2004 1-12	Change %
Banking & Insurance	244	199	23
Telecom & Media	536	422	27
Government	157	153	3
Healthcare & Welfare	119	96	24
Production & Logistics	226	208	8
Processing & Network	377	417	-9
Personec Group	129	127	1
Group eliminations incl. other	-106	-96	10
Group total	1 682	1 525	10

Internal sales by business area, EUR million	2005 1-12	2004 1-12	Change %
Banking & Insurance	9	4	147
Telecom & Media	15	11	35
Government	11	12	-13
Healthcare & Welfare	7	7	-3
Production & Logistics	12	9	30
Processing & Network	52	56	-6
Personec Group	11	11	7
Other	-12	-13	-11
Group total	106	96	-10

Country sales, EUR million	2005 1-12	Change %	Share %	2004 1-12	Share %	Change %
Finland	777	0	46	774	51	2
Sweden	519	1	31	516	34	31
Norway	92	9	5	84	6	1
Denmark	52	31	3	40	3	7
Germany	102	181	6	36	2	45
Great Britain	32	355	2	7	0	-10
France	21	-	1	1	0	-51
Other	85	28	5	67	4	3
Group total	1 682	10	100	1 525	100	11

Net sales by industry segment, EUR million	2005 1-12	Change %	Share %	2004 1-12	Share %	Change %
Banking and insurance	305	16	18	263	17	3
Public	332	6	20	314	21	7
Telecom and media	549	20	33	459	30	50
Forest	89	2	5	87	6	-7
Energy	77	12	5	68	4	1
Manufacturing	89	5	5	85	6	-9
Retail	85	-16	5	101	7	-13
Logistics	20	-20	1	25	2	-29
Non-allocated	136	10	8	123	8	9
Group total	1 682	10	100	1 525	100	11

Operating profit (EBIT), EUR million	2005 1-12	2004 1-12	Change %
Banking & Insurance	23.3	3.2	619.2
Telecom & Media	69.6	60.7	14.7
Government	11.3	8.6	31.8
Healthcare & Welfare	17.3	13.8	25.6
Production & Logistics	24.8	19.9	25.1
Processing & Network	38.5	47.3	-18.6
Personec Group	13.7	14.7	-6.6
Business areas	198.7	168.2	18.1
Group function incl. other	-24.0	-19.9	20.4
Associated companies outside BA	-0.1	0.8	-
Group capital gains	8.7	13.6	-
Operating profit (EBIT)	183.3	162.7	12.6

Q4 includes capital gains related to the divestments of Powermaint in Production & Logistics (EUR 1.0 million) and of Dotcom in Group Functions (EUR 0.7 million). Healthcare & Welfare includes a capital gain (EUR 1.7 million) in Q3/2005 from the divestment of the Finnish library business. Q2/2005 includes capital gains from the divestment of Dotcom (EUR 8.9 million) in Group Functions and a business arrangement with Alma Media (EUR 5.8 million) in Processing & Network. Q1/2005 includes a capital gain in Production & Logistics (EUR 1.8 million) and a related group elimination in Group Functions (EUR -0.9 million).

The operating profit in Q3/2004 includes an impairment loss in Banking & Insurance (EUR 12.8 million) and a capital gain (EUR 13.5 million) in Group Function related to the divestment of real estate. Q4/2004 includes impairment losses in Banking & Insurance (EUR 1.3 million), Government (EUR 2.6 million), Production & Logistics (EUR 0.8 million) and Group Functions (EUR 1.2 million) and a capital gain (EUR 0.1 million) in Group Functions.

Operating margin (EBIT), %	2005 1-12	2004 1-12	Change %
Banking & Insurance	9.6	1.6	7.9
Telecom & Media	13.0	14.4	-1.4
Government	7.2	5.6	1.6
Healthcare & Welfare	14.6	14.4	0.2
Production & Logistics	11.0	9.5	1.5
Processing & Network	10.2	11.3	-1.1
Personec Group	10.6	11.6	-0.9
Business areas	11.8	11.0	0.8
Operating margin (EBIT)	10.9	10.7	0.2

Operating margin (EBIT) excl. capital gains and impairment losses, %	2005 1-12	2004 1-12	Change %
Banking & Insurance	9.6	8.7	0.8
Telecom & Media	13.0	14.4	-1.4
Government	7.2	7.3	-0.1
Healthcare & Welfare	13.2	14.4	-1.2
Production & Logistics	9.8	9.9	-0.1
Processing & Network	8.7	11.3	-2.7
Personec Group	10.6	11.6	-0.9
Business areas	11.2	12.2	-1.0
Operating margin (EBIT), excl. capital gains and impairment losses	9.8	11.0	-1.2

Personnel	2005 1-12	End of period		2004 1-12	Average	
		Change %	Share %		2005 1-12	2004 1-12
By business area						
Banking & Insurance	2 119	23	14	1 725	1 973	1 713
Telecom & Media	4 736	38	32	3 420	4 289	3 363
Government	1 277	2	9	1 257	1 267	1 264
Healthcare & Welfare	1 026	40	7	733	941	649
Production & Logistics	1 882	0	13	1 876	1 903	1 823
Processing & Network	2 173	- 6	14	2 309	2 229	2 315
Personec Group	1 032	4	7	995	1 022	1 002
Business Support Functions	384	8	3	354	377	331
Group function	372	258	2	104	234	67
Group total	15 001	17	100	12 773	14 236	12 527

By country						
Finland	6 628	2	44	6 529	6 674	6 425
Sweden	4 026	2	27	3 938	4 013	3 902
Norway	944	3	6	913	903	902
Great Britain	379	1 400	3	26	211	27
Germany	845	144	6	346	836	341
Denmark	352	12	2	315	347	308
Czech	427	151	3	170	296	147
Latvia	404	192	3	138	216	127
France	116	-	1	1	124	1
India	148	-	1	-	106	-
USA	76	- 27	1	104	87	101
Other	656	53	3	293	424	247
Group total	15 001	17	100	12 773	14 236	12 527

The personnel figures for the associated companies under TietoEnators' management responsibility are reported according to our holding. Personnel figures including these associated companies to 100% give a total of 15 406 (13 183) at the end of period.

	2005 31 Dec	2004 31 Dec	Change %
Total assets, EUR million			
Banking & Insurance	227.2	143.8	58
Telecom & Media	383.8	298.3	29
Government	49.0	52.5	-7
Healthcare & Welfare	83.4	55.3	51
Production & Logistics	130.5	109.0	20
Processing & Network	170.0	159.7	6
Personec Group	75.9	33.1	130
Group elimination	-75.5	-32.0	-
Business areas	1 044.3	819.6	27
Group Function	267.7	268.1	-0
Group total	1 312.0	1 087.7	21

	2005 31 Dec	2004 31 Dec	Change %
Total liabilities, EUR million			
Banking & Insurance	85.3	72.0	18
Telecom & Media	143.4	137.2	5
Government	26.3	45.0	-42
Healthcare & Welfare	38.2	25.8	48
Production & Logistics	56.1	66.0	-15
Processing & Network	85.1	70.5	21
Personec Group	137.5	149.9	-8
Group elimination	-37.7	-42.6	-
Business areas	534.1	523.9	2
Group Function	276.9	52.4	428
Group total	811.0	576.3	41

Segment assets by country, EUR million

Finland	385.7	321.2	20
Sweden	336.7	339.8	-1
Norway	64.1	74.7	-14
Germany	114.4	30.5	275
Great Britain	89.5	0.9	10 277
Other	54.0	52.5	3
Business areas	1 044.3	819.6	27

	2005 1-12	2004 1-12	Change %
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Depreciation, EUR million

Processing & Network	36.0	37.5	-4
Other	19.7	23.2	-15
Group total	55.6	60.7	-8

Amortization on allocated intangible assets from acquisitions, EUR million

Telecom & Media	4.3	2.3	83
Other	2.6	0.7	259
Group total	6.9	3.1	125

Impairment losses, EUR million

Banking & Insurance	-	14.1	-
Government	-	2.6	-
Production & Logistics	-	0.8	-
Group Function	-	1.2	-
Group total	-	18.7	-

Capital expenditure by business area

Processing & Network	54.3	32.7	66
Other	24.0	24.4	-2
Group total	78.3	57.1	37

EUR million	31 Dec 2005	Consolidated 31 Dec 2004
2. OTHER OPERATING INCOME		
Gross capital gain from sale of real estate	-	13.6
Gain on sales of fixed assets and shares	14.0	1.1
Rental income	2.1	3.0
Government grants released	0.1	0.0
Recognition of badwill	-	0.3
Sale of business	7.1	0.0
Other operating income	1.9	6.5
	25.2	24.5

3. OTHER OPERATING EXPENSES

Rental expenses for premises	77.6	64.4
Other operating expenses	178.9	207.4
	256.5	271.8

4. DEVELOPMENT COSTS

The income statement includes development costs EUR 55.0 million for 2005 corresponding to 3.3% of net sales (EUR 43.9 million for 2004 corresponding to 2.9% of net sales).

5. EMPLOYEE BENEFIT EXPENSES

Wages and salaries	693.9	605.9
Pension costs - defined contribution plans	79.5	76.5
Pension costs - defined benefit plans	9.8	9.9
Other pay-related statutory social costs	121.4	98.9
Social costs for personnel warrants	0.2	-0.2
Share-based payments	3.0	1.2
Other personnel costs	29.8	27.7
	937.6	819.9

The share-based payments expense recognized in the income statement is based on the fair value of the instrument which is measured using the pricing model of the options. The counter-entry to the expense entered in the income statement is retained earnings, and therefore the expense has no effect on total equity. TietoEnator has applied IFRS 2 since this standard came into force on 1 January 2005. The comparison figures for 2004 have been adjusted in line with IFRS 2. As required by the IFRS transition provisions, the recognized expense applies to options granted on or after 7 November 2002 and which had not vested by 1 January 2005. Hence, with respect to TietoEnator Group, IFRS 2 applies only to options under the 2002 stock option scheme.

6. MANAGEMENT REMUNERATION IN 2005

Board of Directors

According to the decision by the Annual General Meeting directors are compensated in cash only.

The monthly compensation paid to the Chairman is EUR 4 000, to the Deputy Chairman EUR 2 900 and to the other members EUR 1 900.

Compensation and Nomination Committee and Audit and Risk Committee: a monthly payment of 1 700 euros to the chairman of each Board committee provided that he or she is not the chairman or the vice chairman of the Board, and a monthly payment of 700 euros to the members of the Board's committees.

Total cash compensation to the Board of directors in 2005

Chairman	54 600	EUR
Deputy Chairman	41 400	EUR
Members	122 314	EUR
Board compensation in total	218 314	EUR

Additionally Board members have been paid a total of EUR 4 000 (EUR 6 000 in 2004) for consulting.

President and CEO

Salary and benefits	451 701	EUR
Bonus	65 854	EUR (EUR 111 981 paid for 2004)
Bonus principles	The annual bonus is mostly dependent on the respective group profit development with a maximum of 50% of annual salary excluding benefits.	
Options and warrants	2000 warrant programme: right to subscribe for 30.000 shares.	
	The fair value of these warrants amounted to	300 EUR 1)
	2002 A option programme: right to subscribe for 17.000 shares.	
	The fair value of these warrants amounted to	130 900 EUR 2)
	2002 B option programme: right to subscribe for 48.000 shares.	
	The fair value of these warrants amounted to	389 040 EUR 3)
Share-based payments costs	424,910	EUR (2004 EUR 221,390)
Retirement age	60	
Pension level	60% of salary and benefits	
Period of notice	24 months	
Severance payment	None	

Executive Committee and Operative Management Team

Excluding the President and CEO

Salary and benefits	2 704 930	EUR
Total bonuses	299 486	EUR (paid for 2004 EUR 402 549)
Bonus principles	The reward factors are based on the Balanced Scorecard model. The relative weight of the reward factors is decided each year. Only improvement is rewarded.	
Options and warrants	2000 warrant programme: right to subscribe for 187.790 shares.	
	The fair value of these warrants amounted to	1 878 EUR 1)
	2002 A option programme: right to subscribe for 59.740 shares.	
	The fair value of these warrants amounted to	459 998 EUR 2)
	2002 B option programme: right to subscribe for 247.450 shares.	
	The fair value of these warrants amounted to	2 019 589 EUR 3)
Share-based payments costs	2 145 640	EUR (2004 EUR 965 645)
Retirement age	Varies between 60 and 65.	
Pension level	Varies between 60% and 65% for 13 executives. One executive member has a defined contribution plan with an annual premium of 35% of base salary.	
Period of notice	One executive member's pension arrangement is based on standard Swedish ITP plan. Varies between 1 and 12 months, except one executive 24 months.	
Severance payment	0 for 12 executives members 1 executive: 6 months salary 1 executive: 12 months salary if no other position within 12-month period of notice 1 executive: in case of ownership changes >50% of 12 months salary	

There were no loans to executive management on 31 December 2004 or on 31 December 2005.

There are no guarantees on behalf of key management.

- 1) Calculated on the basis of the fair market value of one TietoEnator 2000 warrant on 30 December 2005. The quotation on the OMX Helsinki Stock Exchange on 30 December 2005 was 0.01 euros.
- 2) Calculated on the basis of the fair market value of one TietoEnator 2002 A stock option on 30 December 2005. The quotation on the OMX Helsinki Stock Exchange on 30 December 2005 was 7.70 euros.
- 3) Calculated using the Black&Scholes Method.

EUR million	Consolidated	
	31 Dec 2005	31 Dec 2004
7. FINANCIAL INCOME AND EXPENSES		
Interest expenses	-10.4	-4.8
Interest income	2.0	3.2
Exchange rate gains and losses	-1.0	-1.4
Other financial expenses	-1.1	-3.1
Other financial income	0.8	1.5
Total	-9.7	-4.6

EUR million	Consolidated	
	31 Dec 2005	31 Dec 2004
8. INCOME TAXES		
Current taxes	12.1	17.4
Deferred taxes	23.5	-82.6
Total	35.6	-65.2

Income tax reconciliation, EUR million

Profit before taxes	173.6	158.1
Tax calculated at the domestic corporate tax rate of 26 % (2004 29 %)	45.1	45.9
Effect of different tax rates in foreign subsidiaries	1.6	1.5
Taxes for prior years	0.1	0.5
Income not subject to tax	-3.1	-0.3
Expenses not deductible for tax purposes	1.8	1.9
Unrecognized tax losses for the period	0.3	2.7
Utilization of previously unrecognised tax losses	-6.2	0.0
Recognized previously unrecognized tax losses	-2.0	0.0
Tax deductible loss in parent company on intra-group transaction	-	-130.0
Change in tax rate	-	10.1
Other items	-2.0	2.5
Income taxes in the consolidated income statement	35.6	-65.2
Effective tax rate	20.5	-41.2

In Finland the corporate tax rate was reduced from 29 % to 26 % from the beginning of 2005.

In 2004 a deferred tax asset arose from the loss incurred in the parent company related to an intra-group transaction carried out in April 2004, of which the remaining deferred tax asset amounted at the end of 2005 to EUR 55.4 million and at the end of 2004 to EUR 91.4 million.

The rest of this deferred tax asset is expected to be utilized by the end of 2007.

Consolidated
1 Jan - 31 Dec 2005 1 Jan - 31 Dec 2004

9. EARNINGS PER SHARE

Net profit for the period attributable to the shareholders of the parent company (EUR million)	136.3	222.3
Earnings per share (EUR)		
Basic	1.75	2.71
Diluted	1.75	2.71
Number of shares during the year (1000 shares)		
Basic		
Weighted average shares	78 063	81 978
Effect of dilutive stock options	104	-
Diluted		
Adjusted weighted average shares and assumed conversions	78 167	81 978

Under IAS 33, basic earnings per share is computed using the weighted average number of shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of shares outstanding during the period plus the dilutive effect of stock options.

EUR million	31 Dec 2005	Consolidated 31 Dec 2004
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10. INTANGIBLE ASSETS

Capitalized development costs		
At 1 January, net of accumulated amortization	-	-
Increases	3.3	-
Decreases	-	-
Amortization in the period	-	-
Exchange difference	-	-
At 31 December, net of accumulated amortization	3.3	-
At 1 January		
Cost	-	-
Accumulated amortization	-	-
Net carrying amount	-	-
At 31 December		
Cost	3.3	-
Accumulated amortization	-	-
Net carrying amount	3.3	-
Acquired goodwill		
At 1 January, net of accumulated impairment	106.9	99.3
Increases	-	14.1
Decreases	-0.4	-0.9
Acquisitions through business combinations (note 14)	8.7	0.0
Impairment	-	-2.0
Exchange difference	1.4	-1.1
Other changes	-0.4	-2.5
At 31 December, net of accumulated impairment	116.2	106.9
At 1 January		
Cost	108.9	99.3
Accumulated impairment	-2.0	-
Net carrying amount	106.9	99.3
At 31 December		
Cost	116.2	108.9
Accumulated impairment	-	-2.0
Net carrying amount	116.2	106.9

EUR million	Consolidated	
	31 Dec 2005	31 Dec 2004
Goodwill on consolidation		
At 1 January, net of accumulated impairment	179.9	132.0
Increases	1.6	2.4
Decreases	-0.4	-
Acquisitions through business combinations (note 14)	142.9	59.2
Impairment	-	-16.7
Exchange difference	-2.6	3.0
Other changes	-0.7	-
At 31 December, net of accumulated impairment	320.7	179.9
At 1 January		
Cost	196.6	132.0
Accumulated impairment	-16.7	-
Net carrying amount	179.9	132.0
At 31 December		
Cost	320.7	196.6
Accumulated impairment	-	-16.7
Net carrying amount	320.7	179.9
Other capitalized expenditure		
At 1 January, net of accumulated amortisation	6.7	8.1
Increases	0.8	1.5
Decreases	-0.2	-1.2
Exchange difference	-	-
Amortization in the period	-1.7	-1.7
At 31 December, net of accumulated amortisation	5.6	6.7
At 1 January		
Cost	12.6	14.1
Accumulated amortization	-5.9	-6.0
Net carrying amount	6.7	8.1
At 31 December		
Cost	13.5	12.6
Accumulated amortization	-7.9	-5.9
Net carrying amount	5.6	6.7
Intangible rights		
At 1 January, net of accumulated amortization	44.2	16.9
Increases	9.8	46.8
Decreases	-	-9.3
Acquisitions through business combinations (note 14)	24.4	-
Exchange difference	-0.1	-
Amortization in the period	-16.1	-10.2
Other changes	-	-
At 31 December, net of accumulated amortization	62.2	44.2
At 1 January		
Cost	87.4	58.8
Accumulated amortization	-43.2	-41.9
Net carrying amount	44.2	16.9
At 31 December		
Cost	121.6	87.4
Accumulated amortization	-59.4	-43.2
Net carrying amount	62.2	44.2
Advance payments, intangibles		
At 1 January, net of accumulated amortization	-	-
Increases	2.8	-
At 31 December	2.8	-
Net carrying amount of intangible assets, total 31 Dec.	510.8	337.7

EUR million	Consolidated	
	31 Dec 2005	31 Dec 2004
11. TANGIBLE ASSETS		
Land		
At 1 January	0.8	8.7
Increases	-	-
Decreases	-	-7.9
Exchange difference	0.0	0.0
At 31 December	0.8	0.8
At 1 January		
Cost	0.8	8.7
Net carrying amount	0.8	8.7
At 31 December		
Cost	0.8	0.8
Net carrying amount	0.8	0.8
Buildings and structures		
At 1 January, net of accumulated depreciation	3.9	57.9
Increases	0.6	2.2
Decreases	-2.1	-55.4
Acquisitions through business combinations (note 14)	4.0	0.1
Depreciation in the period	-0.3	-0.9
Exchange difference	0.0	0.0
At 31 December, net of accumulated depreciation	6.1	3.9
At 1 January		
Cost	7.0	74.5
Accumulated depreciation	-3.1	-16.6
Net carrying amount	3.9	57.9
At 31 December		
Cost	11.0	7.0
Accumulated depreciation	-4.9	-3.1
Net carrying amount	6.1	3.9
Machinery and equipment		
At 1 January, net of accumulated depreciation	72.0	69.6
Increases	31.4	68.6
Decreases	-4.9	-28.9
Acquisitions through business combinations (note 14)	3.0	5.3
Depreciation in the period	-36.4	-42.2
Exchange difference	-1.4	-0.4
At 31 December, net of accumulated depreciation	63.7	72.0
At 1 January		
Cost	231.9	234.5
Accumulated depreciation	-159.9	-164.9
Net carrying amount	72.0	69.6
At 31 December		
Cost	249.9	231.9
Accumulated depreciation	-186.2	-159.9
Net carrying amount	63.7	72.0

EUR million	Consolidated	
	31 Dec 2005	31 Dec 2004
Capitalized finance lease		
At 1 January, net of accumulated depreciation	7.5	9.9
Increases	22.8	6.1
Decreases	-0.5	-0.2
Depreciation in the period	-7.5	-8.3
Exchange difference	0.0	0.0
At 31 December, net of accumulated depreciation	22.3	7.5
At 1 January		
Cost	17.3	11.4
Accumulated depreciation	-9.8	-1.5
Net carrying amount	7.5	9.9
At 31 December		
Cost	39.3	17.3
Accumulated depreciation	-17.0	-9.8
Net carrying amount	22.3	7.5
Other tangible assets		
At 1 January, net of accumulated depreciation	1.0	1.0
Increases	0.9	0.8
Decreases	-0.3	-0.5
Acquisitions through business combinations (note 14)	0.0	0.0
Depreciation in the period	-0.4	-0.3
Exchange difference	0.0	0.0
At 31 December, net of accumulated depreciation	1.2	1.0
At 1 January		
Cost	3.9	3.9
Accumulated depreciation	-2.9	-2.9
Net carrying amount	1.0	1.0
At 31 December		
Cost	2.7	3.9
Accumulated depreciation	-1.5	-2.9
Net carrying amount	1.2	1.0
Advance payments and work in progress		
At 1 January	1.9	0.0
Increases	15.1	1.9
Transfers	-0.1	0.0
Exchange difference	0.0	0.0
At 31 December	16.9	1.9
Net carrying amount of tangible assets, total 31 Dec.	111.0	87.1

EUR million	31 Dec 2005	Consolidated	31 Dec 2004
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12. INVESTMENTS IN ASSOCIATED COMPANIES

At 1 January	12.4	10.9
Share of the profit or losses	0.2	1.5
Dividends received	-0.9	-0.5
Increase	1.2	0.4
Decrease	-7.8	-
Exchange rate differences	-0.1	0.0
At 31 December	5.0	12.4

Investments in associated companies included goodwill EUR 0.8 million in 31 December 2005 (EUR 2.2 million in 2004). In 2005 the shares of Dotcom Solutions AB (48%) were sold. The net capital gain was EUR 9.6 million.

Summarized financial information of TietoEnator's principal associates, all of which are unlisted, were as follows:

	Assets	Liabilities	Net sales	Profit/ (Loss)
2005	15.0	5.2	48.0	1.7
2004	63.5	37.0	158.3	4.2

2005	Country of incorporation	% interest held
FD Finanssidata Oy	Finland	30%
DocHotel i Stockholm AB	Sweden	25%
UAB Baltic Data Center	Lithuania	40%
Helsekomponenter AS	Norway	22%
2004		
FD Finanssidata Oy	Finland	30%
Dotcom Solutions AB	Sweden	48%
DocHotel i Stockholm AB	Sweden	25%
UAB Baltic Data Center	Lithuania	40%
Helsekomponenter AS	Norway	22%

31 December 2005	Number	Share %	Book value EUR million
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13. OTHER NON-CURRENT ASSETS

Other shares and securities owned by the parent company

LifeIT Oyj	1 250	6.8	0.1
Right of residence Almen 10, Solna			0.1
Tapiolan Monitoimiareena Oy	22		0.1
Other shares and securities *)			0.2
			0.5

*) Includes 150 shares of Elisa Corporation, total market value 2 348 euros.

31 December 2005	Number	Share %	Book value EUR million
Other shares and securities owned by subsidiaries			
Raiffeisen Bank	2 886		0.2
Residence in France			0.2
Right of residences in Stockholm			0.4
Right of residences in Åre			0.1
Vierumäen Kuntorinne Oy	160		0.3
Other shares and securities			0.2
			1.5

14. BUSINESS COMBINATIONS

Acquisition of S.E.S.A.

In January 2005 TietoEnator acquired the entire share capital of S.E.S.A. Software und Systeme AG (S.E.S.A.), an R&D service provider to the telecom industry in Germany. The fair value of the identifiable assets and liabilities of S.E.S.A. at the date of acquisition were:

	EUR million Recognized on acquisition	EUR million Carrying value
Intangible assets	9.9	4.2
Property, plant and equipment	1.0	1.0
Receivables	18.5	18.5
Inventory	3.6	3.6
Cash and cash equivalents	6.7	6.7
	39.7	34.0
Other non-current liabilities	2.2	2.2
Deferred tax liabilities	2.8	0.6
Current liabilities	20.4	20.4
	25.4	23.2
Fair value of net assets	14.3	10.8
Goodwill arising on acquisition	55.8	
	70.1	

The total cost of the combination was EUR 70.1 million and comprised cash paid, costs directly attributable to the combination and reservations for additional purchase price payments.

	EUR million
Paid in cash	64.0
Total directly attributable costs	0.5
Total reservations for additional price payments	5.7
Total cost of business combinations	70.1

Cash outflow on the acquisition:

	EUR million
Net cash acquired in the business combinations	6.7
Cash paid	64.5
Net cash outflow	-57.8

From the date of acquisition, S.E.S.A. has contributed EUR 81.8 million to the net sales and EUR 4.9 million to the operating profit of the Group after amortization on the fair value of intangible assets.

Acquisition of AttentiV

The acquisition of AttentiV Systems Group was completed in late June 2005 and AttentiV was consolidated from the beginning of July. AttentiV shares were listed on the London AIM, but the company was de-listed after the acquisition was completed. AttentiV is a provider of software solutions and associated services to the financial services sector in the UK. The fair value of the identifiable assets and liabilities of AttentiV at the date of acquisition were:

	EUR million Recognized on acquisition	EUR million Carrying value
Intangible assets	10.0	0.0
Property, plant and equipment	4.2	4.2
Receivables	13.9	13.9
Inventory	0.0	0.0
Cash and cash equivalents	8.6	8.6
	36.6	26.6
Other non-current liabilities	0.0	0.0
Deferred tax liabilities	2.6	0.0
Current liabilities	17.7	17.7
	20.3	17.7
Fair value of net assets	16.3	8.9
Goodwill arising on acquisition	66.0	
	82.3	

The total cost of the combination was EUR 82.3 million and comprised cash paid and costs directly attributable to the combination.

	EUR million
Paid in cash	80.8
Total directly attributable costs	1.5
Total cost of business combinations	82.3
Cash outflow on the acquisition:	
	EUR million
Net cash acquired in the business combinations	8.6
Cash paid	82.3
Net cash outflow	-73.7

From the date of acquisition, AttentiV has contributed EUR 25.1 million to the net sales and EUR 5.5 million to the operating profit of the Group after amortization on the fair value of intangible assets. If the combination had taken place at the beginning of the year, the net sales for the Group would have been EUR 42 million and the profit EUR 4 million respectively, excluding the delisting and other costs, about EUR 1.5 million, from joining TietoEnator.

Other acquisitions during 2005 and acquisitions in 2004 effective from 1 January 2005

TietoEnator made the following acquisitions at the end of 2004 and during 2005 which are all individually considered immaterial. The ownership in these acquisitions is 100% unless otherwise stated.

- IFS's payroll solutions (Personec Group), effective from January 2005
- ITB AG and subsidiaries, healthcare information systems, effective from January 2005
- Upper-Case (Personec Group), Axapta consultant, effective from March 2005
- CSC Austria, ERP business for Pulp and Paper industry, effective from April 2005
- Pentec LTD, development and application management for Forest sector, effective from April 2005
- Zait IT-Tjänster AB, system development, products and services for Healthcare & Welfare area, effective from September 2005
- SIA IT Alise, IT professional services to Telecom operators, effective from October 2005, ownership 51% with an option to acquire the remaining shares
- Comnet S.P.A., IT services to Telecom industry, effective from November 2005, ownership 50%; share issue made right after the acquisition to reach 65%

The total fair value of the identifiable assets and liabilities of the acquired businesses above at the date of acquisition were:

	EUR million Recognized on acquisition	EUR million Carrying value
Intangible assets	8.3	3.1
Property, plant and equipment	0.6	1.0
Receivables	13.5	17.4
Inventory	0.2	0.3
Cash and cash equivalents	2.7	3.6
	25.4	25.3
Other non-current liabilities	1.4	1.8
Deferred tax liabilities	1.7	0.3
Current liabilities	10.9	14.2
	14.0	16.3
Fair value of net assets	11.3	9.0
Goodwill arising on acquisition	28.7	
	40.1	

The total cost of the combinations was EUR 40.1 million and comprised cash paid and costs directly attributable to the combinations:

	EUR million
Paid in cash	39.4
Total directly attributable costs	0.7
Total cost of business combinations	40.1

	EUR million
Cash outflow on the acquisitions:	
Net cash acquired in the business combinations	2.7
Cash paid	40.1
Net cash outflow	-37.4

Since the dates of acquisition, the acquired units have contributed about EUR 32 million to the net sales and EUR 4 million to the operating profit of the Group after amortization on the fair value of intangible assets. If the combinations had taken place at the beginning of the year, the revenue for the Group would have been about EUR 53 million and profit EUR 7 million.

The following deals announced in the end of 2005 are effective from January 2006:

- Waldbrenner AG, IT provider to Healthcare sector, ownership 100%
- Esy Oy, employee pension IT company, ownership 80% of the shares

These acquisitions are expected to contribute about EUR 23 million to the net sales and EUR 1 million to the operating profit of the Group year 2006.

All figures under Note 14 are presented at the closing exchange rate. Goodwill disclosed in Note 10 is presented at the exchange rate at the acquisition date with the exchange difference presented separately.

15. IMPAIRMENT TESTING OF GOODWILL

General principles

Goodwill acquired in business combinations is allocated to cash-generating units (CGU) based on the Group's management reporting structure used for monitoring business operations. The CGUs are further allocated to their respective primary segments determined and disclosed in accordance with IAS 14. Each segment contains two or more CGUs.

The recoverable amounts of all CGUs are determined based on value-in-use calculations. The cash flow projections covering the initial three-year period have been based on financial forecasts approved by senior management supported by industry growth forecasts obtained from external sources. The growth rate used to extrapolate the cash flows for the subsequent seven-year period is 2 – 4 %, which reflects the management's estimate of the industry's long-term average growth rate. Subsequent to the ten-year projection period expectations of growth in real terms are not included in the cash flow projections.

Forecasted profit margins are based on actual performance in prior years adjusted for expected efficiency improvements.

The discount rate applied to cash flow projections is the weighted average pre-tax cost of capital. The discount rate is based on the weighted average of 10-year government bond rates in the countries where the CGUs operate. The bond rates are adjusted for the general market risk and the business risk of the separate service lines included in the CGUs. The pre-tax discount rates for the CGUs vary between 8.5 % and 14.7 %.

Carrying amount of goodwill allocated to CGUs and segments

The total goodwill at 31 December 2005 was EUR 436.9 million including the goodwill of EUR 66.0 million arising from the acquisition of AttentiV in Q3/2005. The increase compared to 31 December 2004 is EUR 150.2 million. The goodwill arising from the acquisition of AttentiV is included in the Banking & Insurance segment, but has not been allocated to the respective CGUs because the business integration and common target setting is not fully completed yet.

Two individual CGUs, Telecom & Media Operators and Telecom & Media R & D Services, contain goodwill that may

be considered significant in comparison with the Group's total carrying amount of goodwill.

Telecom & Media Operators is a business operation providing services to selected customers in its market segment. The carrying amount of goodwill allocated to the CGU at 31 December 2005 was EUR 70.6 million. The recoverable amount of the CGU has been calculated in accordance with the general principles described above. The growth rate for the initial three-year period varies between 1 – 2 %. The growth rate used to extrapolate the cash flows subsequent to the initial three-year period is 2 %. The discount rate applied to the cash flow projections is 11.0 %.

Telecom & Media R & D Services is a similar business operation. The carrying amount of goodwill allocated to the CGU at 31 December 2005 was EUR 109.9 million. The recoverable amount of the CGU has been calculated in accordance with the general principles described above. The growth rate for the initial three-year period varies between 9 – 10 %. The growth rate used to extrapolate the cash flows subsequent to the initial three-year period is 4 %. The discount rate applied to the cash flow projections is 14.7 %.

The carrying amounts of the goodwill allocated to the other CGUs are disclosed by segment below (EUR million):

	Banking & Insurance	Production & Logistics	Other Segments
Carrying amount of goodwill	61.0	61.2	68.1
AttentiV	66.0		
Total	127.0	61.2	68.1

As a result of the impairment testing no losses have been identified in 2005. Impairment losses recognized in 2004 were EUR 18.7 million and were related to the following segments: EUR 14.1 million in Banking & Insurance and EUR 2.6 million in Government, EUR 0.8 million in Production & Logistics and EUR 1.2 million at the Group level.

EUR million	Consolidated	
	31 Dec 2005	31 Dec 2004
16. INTEREST IN JOINT VENTURES		
TietoEnator's share of the assets, liabilities, net sales and expenses of the joint ventures are as follows at 31 Dec		
Current assets	55.1	57.5
Non-current assets	2.8	3.3
	57.9	60.8
Current liabilities	34.5	39.4
Non-current liabilities	1.1	0.8
	35.6	40.2
Net sales	104.3	110.9
Expenses	-91.5	-94.6
Finance cost	0.3	0.6
Profit before income tax	13.1	16.9
Income tax expense	-4.4	-5.6
Net profit	8.7	11.3

TietoEnator's joint ventures at 31 December 2005

	Number of shares	Share %	Business Area	Nominal value EUR million	Book value EUR million
Fidenta Oy	6 000	60.0*)	Banking & Insurance	0.1	0.2
Primasoft Oy	18 000	60.0*)	Banking & Insurance, Processing & Network	0.3	14.0
Tietollmarinen Oy	3 570	70.0***)	Banking & Insurance	0.4	1.8
Tietokarhu Oy	8 000	80.0**)	Government	0.1	0.3
TKP Tieto Oy	1 018	67.9****)	Banking & Insurance	0.2	3.1
					19.4

- *) 40 % of the voting rights
- **) 20 % of the voting rights
- ***) 30 % of the voting rights
- ****) 41.3 % of the voting rights

EUR million	Consolidated	
	31 Dec 2005	31 Dec 2004

17. DEFERRED TAXES

Deferred tax assets and liabilities were distributed as follows:

Deferred tax assets		
Restructuring costs	0.1	1.8
Other provisions	0.2	1.4
Employee benefits	13.0	8.8
Depreciation difference	17.3	12.1
Other temporary difference	3.9	1.4
Tax loss carryforwards	63.8	95.1
Total	98.3	120.5

EUR million	31 Dec 2005	Consolidated 31 Dec 2004
Deferred tax liability		
Depreciation difference	3.5	0.9
Intangible assets	11.2	7.1
Employee benefits	0.8	0.8
Appropriations	5.6	7.7
Other temporary difference	2.2	-0.0
Total	23.3	16.4
 Net deferred tax assets/liabilities	 75.0	 104.1
Reflected in balance sheet as follows:		
Deferred tax assets	98.3	120.5
Deferred tax liabilities	23.3	16.4

At 31 December 2005 the Group had tax loss carryforwards of EUR 63.8 million (EUR 95.1 million in 2004) of which some EUR 6.9 million had no expiry date and EUR 3.0 million expire during the years 2006-2010 and the remainder expire thereafter. At 31 December 2005 the Group had tax loss carryforwards of EUR 4.1 million (EUR 3.0 million in 2004) for which no deferred tax asset was recognized due to uncertainty of utilization of these loss carryforwards. The Group does not provide for deferred taxes on undistributed earnings of subsidiaries to the extent that such earnings are intended to be permanently reinvested in those companies or if such earnings may be transferred to the Parent Company without any tax consequences. The aggregate amount of temporary differences associated with investments in subsidiaries and joint ventures for which deferred tax liabilities have not been recognized is insignificant.

EUR million	31 Dec 2005	Consolidated 31 Dec 2004
18. TRADE AND OTHER RECEIVABLES		
Trade receivables	306.9	256.3
Prepaid expenses and accrued income		
Net sales	79.1	84.3
Licence fees	16.6	16.9
Rents	4.5	3.6
Social costs	4.8	3.7
Value added tax	0.5	2.4
Accrued interest income	0.2	0.1
Mainframe computer costs	2.8	4.1
Other	41.7	45.9
Corporate tax receivable	11.9	5.3
Pension benefit asset	3.2	2.9
Other	12.4	11.6
	484.6	437.2

EUR million	Consolidated	
	31 Dec 2005	31 Dec 2004
19. CASH AND CASH EQUIVALENTS		
Cash in hand and at bank	76.9	60.8
Short-term deposits	23.0	29.9
Cash and cash equivalents	99.9	90.7

Short-term deposits with maturities up to and including three months.
Cash and cash equivalents are carried at nominal value, which corresponds to their fair value.

EUR million	Number of shares (1 000)	Share capital	Share issue premiums and other reserves	Total
20. ISSUED CAPITAL AND RESERVES				
1 January 2004	82 886 444	82.9	67.6	150.5
Translation difference			0.4	0.4
Exercise of share options				0.0
Purchase of own shares				0.0
Transfer from/to retained earnings			26.8	26.8
31 December 2004	82 886 444	82.9	94.8	177.7
Translation difference			-1.3	-1.3
Exercise of share options	1 200	0.0		0.0
Purchase of own shares	-4 144 322	-4.2	4.2	0.0
Transfer from/to retained earnings			-35.0	-35.0
31 December 2005	78 743 322	78.7	62.7	141.4

During 2005 TietoEnator repurchased a total of 2 903 860 own shares. The purchase price was EUR 80.0 million which is currently presented as a decrease in equity.
During 2005, the authorized share capital was decreased by EUR 4.2 million as a cancellation of the repurchased shares from 2004.

21. BONDS WITH WARRANTS

TietoEnator 1999 Bonds with Warrants

I/1999 bond with warrants to employees - parent company

Loan principal	0 EUR
Interest	4%
Loan repayment	repaid on 1 June 2002

II/1999 bond with warrants to employees - parent company

Loan principal	0 EUR
Interest	4%
Loan repayment	repaid on 1 June 2002

1999 warrants

Warrants released from the bonds I/1999 and II/1999 are identical and listed as one class.

Initial number of warrants		2 800 000
Number of warrants outstanding on	31 December 2004	1 983 440
Number of warrants forfeited during the year		0
Number of warrants exercised during the year		0
Number of warrants expired during the year		1 983 440
Total number of warrants outstanding on	31 December 2005	0
Number of warrants held by TietoEnator Corporation on	31 December 2005	0
Total number of warrants exercisable on	31 December 2005	0

Share subscription period 2 May 2002 - 31 May 2005

Share subscription terms 1 share for EUR 36.30 per share in exchange for one warrant

TietoEnator 2000 Bonds with Warrants

I/2000 bond with warrants to employees - parent company

Loan principal	0 EUR
Interest	4%
Loan repayment	repaid on 1 June 2003

II/2000 bond with warrants to employees - parent company

Loan principal	0 EUR
Interest	4%
Loan repayment	repaid on 1 June 2003

2000 warrants

The warrants released from the I/2000 bond and the warrants A released from the II/2000 bond are identical and listed as one class. At commencement of the share subscription period with the warrants B, C, and D the warrants were combined into A warrants.

Initial number of warrants		3 700 000
Number of warrants outstanding on	31 December 2004	3 003 245
Number of options annulled on	24 January 2005	671 755
Number of warrants forfeited during the year		0
Number of warrants exercised during the year		0
Number of warrants expired during the year		0
Total number of warrants outstanding on	31 December 2005	3 003 245
Number of warrants held by TietoEnator Corporation on	31 December 2005	25 000
Total number of warrants exercisable on	31 December 2005	3 003 245

Share subscription period Warrant A: 2 May 2003 - 31 May 2006
Warrant B: 24 October 2003 - 31 May 2006
Warrant C: 22 April 2004 - 31 May 2006
Warrant D: 21 October 2004 - 31 May 2006

Share subscription terms 1 share for EUR 54.50 per share in exchange for one warrant

TietoEnator 2002 Stock Options

2002 A stock options

Initial number of warrants		500 000
Number of stock options outstanding on	31 December 2004	461 090
Number of stock options forfeited during the year		9 120
Number of stock options exercised during the year		1 950
Number of stock options expired during the year		0
Total number of stock options outstanding on	31 December 2005	449 220
2002 A stock options converted into 2002 B	15 December 2005	48 830
Number of stock options held by TietoEnator Oyj on	31 December 2005	0 ¹⁾
Total number of stock options exercisable on	31 December 2005	449 220

Share subscription period	December 2005 - 30 June 2009
Share subscription terms	1 share in exchange for 1 warrant The share subscription price is EUR 27.73. The amount of the dividend decided after 28 February 2002 but before the share subscription will be deducted from the share subscription price of the stock options as per the dividend record date. At the end of 2005 the share subscription price was EUR 24.23

¹⁾ 48 830 TietoEnator 2002 A stock options held by TietoEnator Corporation were converted into 2002 B on 15 December 2005.

2002 B stock options

Initial number of warrants		1 300 000
Number of stock options outstanding on	31 December 2004	489 000
Number of stock options forfeited during the year		5 400
Number of stock options exercised during the year		0
Number of stock options expired during the year		0
2002 A stock options converted into 2002 B	15 December 2005	48 830
Total number of stock options outstanding on	31 December 2005	960 300
Number of stock options held by TietoEnator Corporation on	31 December 2005	388 530
Total number of stock options exercisable on	31 December 2005	0

Share subscription period	December 2006 - 30 June 2009
Share subscription terms	1 share in exchange for 1 warrant The share subscription price is EUR 27.73. The amount of the dividend decided after 28 February 2002 but before the share subscription will be deducted from the share subscription price of stock options as per the dividend record date. At the end of 2005 the share subscription price was EUR 24.23

Information related to stock options during 2005 and 2004

		Number of shares	Weighted average exercise price
Stock options at	31 December 2003	5 605 509	45.0
Granted		491 400	25.2
Exercised		0	0.0
Forfeited		9 260	25.2
Expired		175 874	29.5
Stock options at	31 December 2004	5 911 775	43.8
Granted		476 700	24.2
Exercised		1 950	24.2
Forfeited		15 320	24.2
Expired		1 958 440	36.3
Stock options at	31 December 2005	4 412 765	44.8

The options outstanding by range of exercise prices at 31 December 2005

Options outstanding				Vested options outstanding	
Exercise price	Number of shares	Weighted average remaining contractual life	Weighted average exercise price	Number of shares	Weighted average exercise price
EUR		in years	EUR		EUR
24.23 - 54.50	4 412 765	1.4	44.8	3 452 465	50.6

Assumptions made in determining the fair value of the stock options

The fair grant value of the personnel options has been determined using the Black & Scholes method.

The volatility used in determining the value is calculated on the basis of the average volatility for the period of 12 months prior to grant.

The fair values for the 2002 stock options have been calculated on the basis of the following weighted average assumptions:

	2005	2004	2003
Subscription price of the underlying share	24.23 €	25.73 €	26.23 €
Fair market value of the underlying share	24.67 €	24.89 €	14.63 €
Expected volatility	30%	30%	30%
Risk-free interest	3%	3%	3%
Expected contractual life in years	4.0	5.2	6.2
Expected dividends	0.0%	0.0%	0.0%

The weighted average grant date fair value of the stock options was EUR 8.48 in 2005, EUR 7.73 in 2004, and EUR 2.11 in 2003.

EUR million	31 Dec 2005	Consolidated 31 Dec 2004
22. PENSION BENEFIT PLANS		
Defined benefit obligation	162.0	154.9
Fair value of plan assets	-117.6	-107.9
Pension obligations less plan assets	44.4	47.0
Unrecognized past service cost	0.0	0.0
Unrecognized net actuarial gains/losses	1.9	2.5
Provisions for pension obligations	46.3	49.5
Additional employer's contribution in Sweden	4.7	6.2
Other pension commitments in TietoEnator Corporation/Parent Company	2.4	1.8
Total provisions for pension obligations	53.4	57.5
Included in non-interest-bearing assets EUR 3.2 (2.9) million are related to share of external pension fund.		
Amounts recognized in profit and loss		
Current service cost	7.8	8.4
Interest cost	7.8	7.2
Expected return on plan assets	-6.0	-5.7
Amortization of actuarial gains/losses	0.2	-
Pension expenses	9.8	9.9
Actual return on plan assets	10.2	7.5
Amounts recognized in balance sheet		
Present value of pension obligations		
Opening balance	154.9	142.7
Current service cost	7.8	8.4
Interest cost	7.8	7.2
Benefits paid	-0.7	-2.8
Operations acquired/divested	2.6	-
Settlement	-12.1	-
Actuarial gains/losses	5.7	-0.7
Exchange rate difference	-4.0	0.1
Closing balance	162.0	154.9
Plan assets		
Opening balance	107.9	93.9
Expected return on plan assets	6.0	5.7
Contribution to pension fund	7.6	6.8
Settlement	-8.0	-
Operations acquired/divested	0.7	-
Actuarial gains/losses	5.8	1.5
Exchange rate difference	-2.4	0.0
Closing balance	117.6	107.9

EUR million	31 Dec 2005	Consolidated 31 Dec 2004
Actuarial gains/losses		
Opening balance, actuarial gains/losses	2.5	-
Actuarial gains/losses	-0.7	2.5
Exchange rate difference	0.1	-
Closing balance	1.9	2.5
Operations acquired		
Increase in pension obligations	2.6	-
Increase in plan assets	-0.7	-
Net position	1.9	0.0
Actuarial calculation assumptions		
Discount rate	4.0 - 5.0	5.0 - 6.5
Expected return on plan assets	5.5	5.5 - 6.0
Salary increase	2.75 - 3.5	3.0 - 3.5
Base amount increase	2.0 - 3.0	2.0 - 3.0

The ITP pensionplans operated by Alecta in Sweden are multi-employer defined benefit pension plans. It has not been possible to get sufficient information for the calculation of obligations and assets by employer from Alecta, and therefore this plan has been accounted for as a defined contribution plan in the financial statements.

EUR million	31 Dec 2005	Consolidated 31 Dec 2004
23. PROVISIONS		
Provisions for restructuring		
1 January	7.8	5.3
New provision	2.0	10.1
Use of provision	-4.2	-5.3
Reversal of provision	-3.4	-1.1
Change of estimate	-	-1.2
End of period	2.2	7.8
Other provisions		
1 January	5.2	1.8
New provision	6.5	4.3
Use of provision	-3.0	-0.9
Reversal of provision	-1.3	-
Change of estimate	-	-
End of period	7.4	5.2

Adjustments for business structuring are ongoing. Provisions mainly include rent commitments for excess premises and costs of terminations.

EUR million	Consolidated	
	31 Dec 2005	31 Dec 2004
24. FINANCE LEASE LIABILITY		
Future minimum lease payments and their present value as per finance lease agreements were as follows:		
Finance lease future payments		
Within one year	10.3	4.2
After one year but not more than five years	12.5	3.2
After five years	0.4	0.4
	23.2	7.7
Present value of future minimum lease payments		
Within one year	9.8	4.1
After one year but not more than five years	12.1	3.1
After five years	0.4	0.3
	22.2	7.5
Future interest charge	1.0	0.2

TietoEnator Corporation has finance leases for computers and other IT equipment. Certain leases include purchase options. Renewals are subject to separate negotiations.

25. INTEREST-BEARING LOANS AND BORROWINGS

Long-term		
Bank loans	55.7	68.9
Bonds	50.0	0.0
Other loans	0.3	3.4
Finance lease liabilities	12.4	3.4
Shareholders' loan	37.0	36.9
	155.4	112.6
Short-term		
Bank loans	52.1	0.2
Finance lease liabilities	9.8	4.1
Commercial papers	80.0	0.0
Other loans	13.2	5.0
	155.1	9.3

Debt included EUR 62.6 million belonging to the Personec Group and the shareholders' loan EUR 37.0 million from Nordic Capital. All shares in subsidiaries owned by Personec Group have been given as a general pledge for the EUR 62.3 million loan from a financial institution.

Long-term loans as per 31.12.2005 will expire in the following way:

EUR million	
In one year	0.3
1-5 years	26.4
After 5 years	128.7
	155.4

Bond EUR 50.0 million will mature in 2012.

%	Consolidated	
	31 Dec 2005	31 Dec 2004
Interest rates of interest-bearing loans and borrowings		
Loans and borrowings	2.4 - 4.75	3.9 - 4.0
Finance leases	0.7 - 9.4	1.3 - 13.6
Shareholders' loan	10.0	10.0

Interest-bearing loans and borrowings are mainly floating rate loans. The shareholders' loan has fixed interest rate. 80% of loans were nominated in euros, 16% in Swedish krona and 4% in Norwegian krone. Loans are considered to correspond approximately to their fair value.

EUR million	Consolidated	
	31 Dec 2005	31 Dec 2004
26. TRADE AND OTHER PAYABLES		
Trade payable	53.7	44.0
Advances received	54.9	40.7
Accrued liabilities and deferred income		
Net sales	19.9	24.5
Vacation pay and related social costs	97.4	82.4
Other accrued payroll and related social costs	31.1	39.1
Prepaid interest income	6.7	1.8
Other	71.8	63.2
Tax accruals	4.7	7.9
Value added tax debt	42.0	37.7
Other	31.0	26.1
	413.2	367.4

27. COMMITMENTS AND CONTINGENCIES

For TietoEnator obligations		
Pledges	0.8	1.2
On behalf of associated companies		
Guarantees	1.5	1.5
Other TietoEnator obligations		
Rent commitments due in one year	60.8	61.6
Rent commitments due in 1-5 years	173.5	176.0
Rent commitments due after 5 years	9.5	10.2
Operating lease commitments due in one year	8.9	10.2
Operating lease commitments due in 1-5 years	8.3	8.6
Operating lease commitments due after 5 years	0.6	0.2
Other commitments	71.1 *)	12.1

Operating lease commitments are principally three-year lease agreements that do not include buyout clauses.

*) Including a EUR 62.9 million commitment mainly for the purchase of hardware.

EUR million	Consolidated	
	31 Dec 2005	31 Dec 2004
Notional amounts of derivative financial instruments		
Foreign exchange forward contracts	289.5	125.9
Interest rate swap	2.0	0.0

Includes the gross amount of all notional values for contracts that have not yet been settled or closed. The amount of notional value outstanding is not necessarily a measure or indication of market risk, as the exposure of certain contracts may be offset by that of other contracts.

Fair values of derivatives

The net fair values of derivative financial instruments at the balance sheet date were:

Forward foreign exchange contracts	-0.9	1.1
Interest rate swaps	-0.1	0.0

Derivatives are used for hedging purposes only.

28. FUTURE RENTAL INCOME

Within one year	0.9	1.8
After one year but not more than five years	0.7	1.7
After five years	0.0	0.0

Future rental income includes the external sublease payments from premises.

29. RELATED PARTY TRANSACTIONS

The related parties of TietoEnator are associated companies, the Board of Directors, the CEO, Executive Committee and the Operative Management Team.

Transactions and balances with associated companies

Sales	9.0	12.0
Purchases	1.0	2.0
Receivables	0.4	1.6
Liabilities	0.1	0.3

Sales to and purchases from related parties are made at the normal market price.

Key management compensation

The Board of Directors, CEO, Executive Committee and Operative Management Team.

See Note 6 to the notes to the consolidated financial statements.

Subsidiary Shares

31 December 2005	Number of shares	Share %	Nominal value in thousands	Book value EUR million
Subsidiary shares owned by the parent company				
C and SAA Oy, Finland	150	100.0	EUR 17	0.0
Comnet S.P.A, Italy	6 035	65.0	EUR 604	7.0
Kiinteistö Oy Villa Upinniemi, Finland	40 000	80.0	EUR 7	3.4
Pentec Ltd, Great-Britain	30 000	100.0	GBP 30	3.0
PT TietoEnator Indonesia, Indonesia	1 000	100.0	USD 100	0.1
SIA IT Alise, Latvia	2 652	51.0	LVL 3	2.6
TietoEnator 121 Oy, Finland	204	51.0	EUR 20	0.1
TietoEnator a.s., Czech Republic	100	100.0	CZK 1 000	3.9
TietoEnator A/S, Denmark	30 000	100.0	DKK 30 000	26.9
TietoEnator AS, Norway	1 084 332	100.0	NOK 10 843	105.9
TietoEnator Austria GmbH, Austria	350	100.0	EUR 35	0.0
TietoEnator Banking & Insurance Oy, Finland	1 000	100.0	EUR 100	29.1
TietoEnator Broadcasting IT Oy, Finland	32	80.0	EUR 32	0.8
TietoEnator Canada Inc., Canada	133 333	100.0	CAD 133	0.1
TietoEnator Consulting B.V., Netherlands	77 727	81.2	EUR 35	1.4
TietoEnator Deutschland GmbH, Germany	149 290	100.0	EUR 7 465	92.9
TietoEnator Digital Innovations Oy, Finland	1 000	100.0	EUR 100	0.1
TietoEnator Eesti AS, Estonia	640	100.0	EEK 640	0.1
TietoEnator Financial Solutions UK Ltd, Great Britain	1 000	100.0	GBP 1	50.6
TietoEnator Forest & Energy Oy, Finland	4 000	100.0	EUR 400	5.9
TietoEnator France S.A.R.L., France	400	100.0	EUR 65	0.1
TietoEnator GMR Oy, Finland	2 000	100.0	EUR 200	2.1
TietoEnator Healthcare & Welfare Oy, Finland	2 000	100.0	EUR 200	2.6
TietoEnator Healthcare B.V., Netherlands	1 800	100.0	EUR 18	1.4
TietoEnator Inc., USA	1 000	100.0	USD 1	22.9
TietoEnator Information Technology (Beijing) Co., Ltd., China		100.0	USD 500	0.7
TietoEnator ITB AG, Germany	55 500	100.0	EUR 56	11.7
TietoEnator Libraries Oy, Finland	41	51.3	EUR 4	0.0
TietoEnator N.V., Belgium	100	100.0	EUR 62	0.0
TietoEnator OOO, Russia		100.0	RUB 3 000	0.1
TietoEnator Processing & Network Oy, Finland	10 000	100.0	EUR 1 000	46.9
TietoEnator Professional Services AB, Sweden	14 879 118	100.0	SEK 3 720	310.8
TietoEnator Resource Management Holding AB, Sweden	1 000	100.0	SEK 100	12.6
TietoEnator Sdn Bhd, Malaysia	999 998	100.0	MYR 1 000	0.2
TietoEnator SIA, Latvia	156	100.0	LVL 50	4.0
TietoEnator Support OÜ, Estonia		60.0	EEK 60	0.2
TietoEnator Sykora s.r.o., Czech Republic		100.0	CZK 102	3.1
TietoEnator – Tecnologias de Informação, Unipessoal, Lda, Portugal	1	100.0	EUR 5	0.0
TietoEnator Telecom & Media Oy, Finland	4 000	100.0	EUR 400	38.1
TietoEnator UK Ltd, Great Britain	270 000	100.0	GBP 270	0.4
Tietokesko Oy, Finland	800	80.0	EUR 1 346	15.9
UAB TietoEnator, Lithuania	10	100.0	LTL 10	0.2
UAB TietoEnator Consulting, Lithuania	11 840	74.0	LTL 1 184	1.6
Dormant subsidiaries (4 in total)				0.0
				809.5

31 December 2005	Number of shares	Share %	Nominal value in thousands	Book value EUR million
Shares in Group companies owned by subsidiaries				
AttentiV Systems Group PLC, Great Britain	65 491 336	100.0 GBP	3 275	82.4
AttentiV Systems Ltd, Great Britain	2 340 000	100.0 GBP	2 340	7.1
Axiome Technologies S.A., France	400 000	100.0 EUR	400	5.2
Banxolutions (UK) Ltd., Great Britain	300 000	100.0 GBP	300	0.0
Baysoft Technologies S.r.l., Italy	1	100.0 EUR	10	0.1
C&S Healthcare Management AB, Sweden	1 000	100.0 SEK	100	0.0
C&S Healthcare Software AB, Sweden	50 000	100.0 SEK	500	0.4
Economia BS AB, Sweden	10 000	100.0 SEK	1 000	19.1
Economia Oy, Finland	13 000	100.0 EUR	1 300	2.2
Elektronisk Handel PEBS AB, Sweden	10 000	100.0 SEK	1 000	0.1
Entra AB, Sweden	5 000	100.0 SEK	500	0.1
Entra B.V.i.o, Netherlands		100.0 EUR	18	0.0
Inveos BSI GmbH, Germany		100.0 EUR	256	0.3
IT Alise Eesti, Estonia	100	100.0 EEK	400	0.0
ITB Benelux B.V., Netherlands	18 000	100.0 EUR	18	0.2
Personec AB, Sweden	10 000	100.0 SEK	1 000	40.1
Personec ApS, Denmark	2 000	100.0 DKK	200	0.3
Personec AS, Norway	7 000	100.0 NOK	7 000	14.7
Personec Estonia OÜ, Estonia	1	100.0 EEK	40	0.0
Personec Group AB, Sweden	1 000	100.0 SEK	100	71.0
Personec Group Oy, Finland	6 426	48.0 *EUR	506	5.0
Personec Oy, Finland	20 000	100.0 EUR	2 000	3.2
SIA E-Protect, Latvia	151	51.0 LVL	8	0.0
Teledynamics B.V., Netherlands	200 000	100.0 EUR	91	0.0
TietoEnator Banking Systems AB, Sweden	1 000	100.0 SEK	100	1.0
TietoEnator Business Support Sweden AB, Sweden	10 000	100.0 SEK	1 000	0.0
TietoEnator Energy Inc., USA	1 000	100.0 USD	1	0.2
TietoEnator Finance Partner AB, Sweden	2 500	100.0 SEK	250	0.9
TietoEnator Financial Solutions AB, Sweden	2 500	100.0 SEK	250	0.5
TietoEnator Financial Solutions ASA, Norway	13 554 869	100.0 NOK	27 110	44.0
TietoEnator Financial Solutions S.A., Luxembourg	3 100	100.0 EUR	31	0.0
TietoEnator Healthcare AB, Sweden	2 000	100.0 SEK	200	1.2
TietoEnator MAJIQ Inc., USA	1 000	100.0 USD	1	18.6
TietoEnator Media Systems AB, Sweden	208 500	100.0 SEK	2 085	0.7
TietoEnator Processing & Network AB, Sweden	1 000	100.0 SEK	1 000	8.9
TietoEnator Production & Logistics AB, Sweden	8 748 352	100.0 SEK	43 742	6.5
TietoEnator Public & Healthcare AB, Sweden	90 000	100.0 SEK	9 000	27.1
TietoEnator R&D Services AB, Sweden	10 000	100.0 SEK	10 000	7.7
TietoEnator Software Technologies Pvt. Ltd, India	232 500	100.0 INR	2 325	0.1
TietoEnator Sverige AB, Sweden	44 405 248	100.0 SEK	44 405	205.9
TietoEnator SK s.r.o., Slovakia		100.0 SKK	200	0.0
TietoEnator SYKORA GmbH, Germany		100.0 EUR	26	0.0
TietoEnator Telecom Operators AB, Sweden	75 000	100.0 SEK	7 500	69.7
ZAIT IT-Tjänster AB, Sweden	7 046 500	100.0 SEK	705	4.3
Dormant subsidiaries (5 in total)				0.0
				648.8

*) Voting power 50.36%

Calculation of Key Figures

Earnings per share	=	$\frac{\text{Net profit for the period}}{\text{Adjusted average number of shares}}$	
Equity/share	=	$\frac{\text{Total equity}}{\text{Adjusted number of shares at the year end}}$	
Return on equity %	=	$\frac{\text{Profit before taxes and minority interests - income taxes}}{\text{Total equity (12-month average)}} \times 100$	
Return on capital employed %	=	$\frac{\text{Profit before taxes and minority interests + interest and other financial expenses}}{\text{Total assets - non-interest-bearing liabilities (12-month average)}} \times 100$	
Equity ratio %	=	$\frac{\text{Total equity}}{\text{Total assets - advance payments}} \times 100$	
Net interest-bearing liabilities	=	$\text{Interest-bearing liabilities - interest-bearing receivables - cash and cash equivalents - securities carried as current assets}$	
Gearing %	=	$\frac{\text{Net interest-bearing liabilities}}{\text{Total equity}} \times 100$	

Financial Risk Management

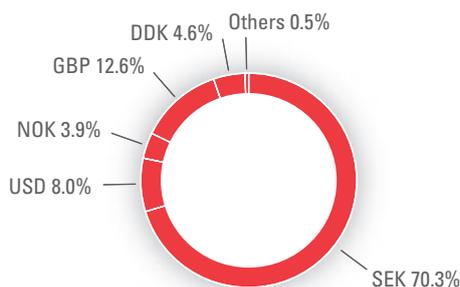
The Group Treasury at TietoEnator is centrally responsible for managing the Group's financial exposure. Its goal is to ensure cost-efficient funding for the Group at all times and to identify and hedge financial risks. The Group Treasury Policy specifies the principles underlying the management of funding and liquidity risks, interest rate risks, foreign exchange risks and credit risks. The Group Treasury Policy also contains instructions regarding money market and currency instruments. The Group monitors financial risks regularly.

TietoEnator has applied the standards IAS 32 (Financial Instruments: Disclosure and Presentation) and IAS 39 (Financial Instruments: Recognition and Measurement) as of 1 January 2005. From the beginning of 2005 financial instruments have been classified according to the standards into the following groups: financial assets and liabilities at fair value through profit and loss, investments held to maturity, loans and receivables, and available-for-sale assets. Classification is dependent on the purpose for which the instruments were acquired and they are classified at inception.

Foreign exchange risk

TietoEnator's commercial transaction exposure has remained on the level of the past years as the relative share of Swedish krona is still dominating. The British pound has become the second largest currency in the exposure displacing the US dollar. The company's policy is to hedge all significant foreign exchange commitments. During 2005 TietoEnator used currency forward contracts, swaps and options for hedging. Currency derivatives have a duration of less than 12 months.

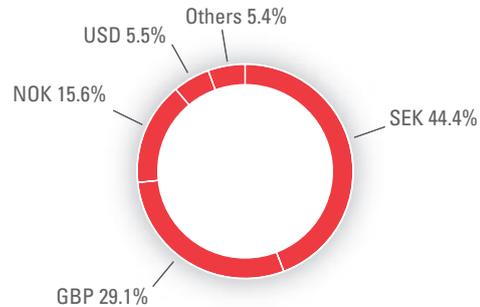
BREAK DOWN OF CURRENCY EXPOSURE 31 DECEMBER 2005



At the end of 2005 the currency denominated translation exposure of TietoEnator's shareholders' equity was approximately EUR 266 million. A 10% decrease in the value of the Swedish krona against the euro would reduce non-restricted shareholders' equity at the end of the 2005 financial year by

about EUR 10.7 million, and the equivalent figure for the GBP would be EUR 7.0 million. The translation exposure is not hedged.

TRANSLATION EXPOSURE OF EQUITY 31 DECEMBER 2005



Interest rate risk

The basis for managing the interest rate risk is a gearing target level of 40 % on a long-term basis. If distributable profits allow there is a possibility to distribute excess funds to shareholders as dividends and share buy-backs; both methods were used during 2005. At the end of 2005 gearing was 42.0%.

The interest rate risk exposure was not hedged during 2005.

Credit risk

TietoEnator business units are responsible for the credit risk associated with accounts receivable.

Financial instruments contain an element of risk that the counterparties may be unable to meet the terms of their contracts. The Group aims to minimize this risk by setting credit limits on counterparties.

Money market investments are made based on high creditworthiness. Current investments are also monitored. Treasury management does not expect the counterparties to default given their high credit ratings.

Liquidity risk

One of Group Treasury's main objectives is to ensure that the company's liquidity remains sufficiently strong. In June the company signed a 7-year EUR 50 million private placement programme and 3-year EUR 50 million bilateral loan agreement. The Group also has 3-year EUR 150 million credit facility signed in June 2004, overdraft facilities and a EUR 250 million commercial paper programme available so that it can maintain flexibility in funding.

Income Statement (FAS)

EUR	Note	1 Jan-31 Dec 2005	1 Jan-31 Dec 2004
Net sales		316 919 489.48	588 145 798.52
Other operating income	1	26 194 018.24	16 478 986.84
Cost of sales		31 764 993.71	53 993 860.10
Personnel expenses	2, 3	163 945 011.80	272 986 618.14
Depreciation	7, 8	17 057 571.70	30 945 447.90
Amortization of goodwill	7	2 069 093.15	11 727 168.54
Other operating expenses		96 830 827.35	767 701 262.75
Operating profit		31 446 010.01	-532 729 572.07
Financial income and expenses	4	356 964 274.17	23 529 487.10
Profit before extraordinary items, appropriations and taxes		388 410 284.18	-509 200 084.97
Extraordinary items	5	49 350 000.00	-
Change in depreciation difference		-461 228.39	-
Direct taxes	6	-380 975.08	-244 600.33
Profit for the period		436 918 080.71	-509 444 685.30

Balance Sheet (FAS)

EUR	Note	31 Dec 2005	31 Dec 2004
ASSETS			
Fixed assets			
Intangible assets	7	5 746 745.18	65 860 226.75
Tangible assets	8	14 802 331.91	41 335 475.47
Financial investments	9,10	873 110 857.05	603 791 201.49
Total fixed assets		893 659 934.14	710 986 903.71
Current assets			
Long-term receivables	11,13,19		
Loan receivables		203 568 825.68	19 463 092.30
Prepaid expenses and accrued income		50 901.77	-
		203 619 727.45	19 463 092.30
Current receivables	12,13		
Accounts receivable		7 780 998.44	92 193 971.07
Loan receivables		221 662 463.19	132 152 180.24
Group contribution receivables		23 550 000.00	-
Prepaid expenses and accrued income		21 454 807.89	82 501 231.68
		274 448 269.52	306 847 382.99
Cash and cash equivalents		18 252 629.23	45 841 286.67
Total current assets		496 320 626.20	372 151 761.96
		1 389 980 560.34	1 083 138 665.67

EUR	Note	31 Dec 2005	31 Dec 2004
SHAREHOLDER'S EQUITY AND LIABILITIES			
Shareholder's equity	14		
Share capital		78 743 322.00	82 886 444.00
Share issue premiums		4 172 198.00	-
Retained earnings		480 376 485.33	1 148 613 051.49
Net profit for the current year		436 918 080.71	-509 444 685.30
		1 000 210 086.04	722 054 810.19
Accumulated appropriations		461 228.39	-
Provisions for liabilities and charges	15	5 493 374.64	3 053 032.82
Liabilities			
Non-current liabilities			
Bonds	16	50 000 000.00	-
		50 000 000.00	-
Current liabilities			
Loans from financial institutions	17, 18	50 000 000.00	-
Advances received		-	2 681 092.46
Accounts payable		2 672 147.16	17 512 368.85
Other current liabilities		253 796 951.16	262 289 599.44
Accrued liabilities and deferred income		27 346 772.95	75 547 761.91
		333 815 871.27	358 030 822.66
Total liabilities		383 815 871.27	358 030 822.66
		1 389 980 560.34	1 083 138 665.67

Statement of Cash Flows (FAS)

	1 Jan-31 Dec 2005 EUR 1000	1 Jan-31 Dec 2004 EUR 1000
Cash flow from operations		
Operating profit	31 446	-532 730
Adjustments to operating profit		
Depreciation and amortization on goodwill	19 127	42 151
Profit/loss on sale of fixed assets and shares	-2 949	607 729
Other adjustments	5 626	1 456
Change in net working capital	80 325	-42 941
Cash generated from operations	133 575	75 665
Net financial items	16 303	-1 564
Income taxes paid	-69	-1 424
Net cash flow from operations	149 809	72 677
Cash flow from investing activities		
Acquisition of Group companies and business operations	-146 602	-79 323
Capital expenditures	-38 348	-37 790
Sale of real estates	-	72 500
Sale of other fixed assets and shares	2 990	11 309
Net cash used in investing activities	-181 960	-33 304
Cash flow from financing activities		
Change in long-term debt	50 000	-
Change in short-term debt	6 646	181 433
Change in long-term loan receivables	-184 115	13 985
Change in short-term loan receivables	-89 501	-47 716
Exercise of share options	29	-
Dividends and donations	-78 797	-80 884
Purchase of own shares	-79 995	-97 394
Dividend and Group contributions received	373 441	16 104
Net cash change in financing activities	-2 292	-14 472
Change in cash and cash equivalents	-34 443	24 901
Cash and cash equivalents on 1 January	-45 841	-20 192
Cash and cash equivalents from mergers	-6 855	-748
Cash and cash equivalents on 31 December	18 253	45 841
	-34 443	24 901

Notes to the Financial Statements

PARENT COMPANY ACCOUNTING PRINCIPLES

The financial statements of the parent company TietoEnator Corporation are prepared in accordance with Finnish Accounting Standards (FAS).

Foreign currency items

Foreign currency transactions are recorded at the exchange rate prevailing on the transaction date. Foreign currency items at the end of the financial period are valued at the average exchange rates on the balance sheet date. Foreign currency items are hedged using derivative contracts.

Exchange gains and losses on net financial liabilities are reported in the income statement under financial items, while other exchange gains or losses are included in operating profit. The exchange rate differences of hedged items are adjusted by the valuation differences of derivative contracts made for hedging purposes.

Derivative instruments are used for hedging purposes only. The instruments are measured at fair value. Related valuation changes are reported in the income statement.

Revenue recognition

Revenue comprises the fair value of the sale of IT services and goods, net of value-added tax, discounts and exchange differences. Services mainly include the development of customized software solutions, maintenance of software solutions, and processing and network services. Goods mainly include sales of software licences.

Sales of services are recognized in the accounting period in which the service is rendered. Revenue from fixed price and similar types of customer agreements is recognized according to the percentage of completion method provided that the degree of completion can be assessed reliably and the amount of the income and costs related to the service contract can be estimated reliably. If these conditions are not met, revenue only equal to costs incurred to date is recognized to the extent that such costs are expected to be recovered. Provisions are made for losses in connection with long-term contracts when these losses are identified and the amounts can be reliably estimated.

Sales of goods are recognized when the decisive risks and rewards that are connected with the ownership of the goods sold are transferred to the buyer and the seller retains neither a continuing right to dispose of the goods, nor effective control of those goods.

Other operating income

Other operating income mainly includes gains from assets disposals and rental income.

Pension arrangements

The company's pension obligations are administered through pension insurance institutions including obligations and related assets transferred from TietoEnator Group's own pension trust and pension fund at the end of August 2005. Pension obligations are fully covered.

Research and development

Research and development costs are expensed as incurred.

Extraordinary items

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

Valuation of fixed assets

Fixed assets are carried at cost less accumulated depreciation. Depreciation is charged according to plan based on the estimated economic lives of the individual assets and accounted for in accordance with the straight-line method.

The company applies the following economic lives:	Years
Intangible assets (software)	1-3
Goodwill from operations	3-5
Other capitalized expenditure	5-10
Buildings	40
Data processing equipment ^{*)}	1-4
Other machinery and equipment	5-8
Other tangible assets	10

^{*)} Purchases of personal computers are expensed immediately.

Leases of equipment are classified as operating leases.

Income taxes

The income statement includes income taxes of the company based on taxable profit for the period according to local tax regulations as well as adjustments to prior-year taxes. The information related to deferred tax items is included in the notes.

EUR 1 000 31 Dec 2005 31 Dec 2004

1. OTHER OPERATING INCOME

Gross capital gain from sale of real estates	-	14 288
Gain from sale of other fixed assets and shares	3 089	263
Rental income	16 917	914
Merger gains	710	819
Sale of business	5 300	0
Other income	178	195
	26 194	16 479

2. PERSONNEL EXPENSES

Payroll	130 288	225 110
Pension expenses	23 327	34 529
Social costs for personnel warrants	-3	-5
Other pay-related statutory social costs	10 333	13 353
	163 945	272 987

Other operating expenses include rental payments on company cars and non-statutory employee benefits, such as meals, healthcare and leisure-time activities.

The parent company had an average of 2 795 employees during 2005 and 5 245 employees in 2004.

3. MANAGEMENT REMUNERATION

See Note 6 to the notes to the consolidated financial statements.

EUR 1 000 31 Dec 2005 31 Dec 2004

4. FINANCIAL INCOME AND EXPENSES

Income from securities and investments treated as equity		
Dividend income from Group companies	334 751	4 477
Dividend income from associated companies	11 388	11 620
Dividend income from other companies	2	6
	346 141	16 103
Avoir fiscal tax credits	-	6 302
	346 141	22 405
Income from securities and investments treated as non-current debt		
From Group companies	10 714	2 771
From associated companies	-	-
From other companies	0	2
	10 714	2 773
Other interest and financial income		
From Group companies	3 092	3 594
From associated companies	-	-
From other companies	29 285	18 126
	32 377	21 720
Investment write-downs		
	-	-
Interest and other financing expenses		
Paid to Group companies	-419	-3 425
Paid to associated companies	-	-
Paid to other companies	-31 849	-19 943
	-32 268	-23 368
Total financial income and expenses	356 964	23 529

5. EXTRAORDINARY INCOME

Group contributions received	50 850	-
Group contributions given	-1 500	-
	49 350	-

6. DIRECT TAXES

On extraordinary items	-	-
On current income	-	-
On income from prior periods	381	245
	381	245

EUR 1 000

31 Dec 2005

31 Dec 2004

7. FIXED ASSETS, INTANGIBLE ASSETS

Intangible rights		
Acquisition cost, 1 Jan	31 469	36 939
Increases	8 450	7 395
Decreases	-35 958	-12 865
Acquisition cost, 31 Dec	3 961	31 469
Accumulated amortization, 1 Jan	19 849	22 234
Accumulated amortization in changes	-21 252	-8 690
Amortization for the period	3 649	6 305
Accumulated amortization, 31 Dec	2 246	19 849
Book value, 31 Dec	1 715	11 620
Acquired goodwill		
Acquisition cost, 1 Jan	95 821	97 823
Increases	6 364	6 763
Decreases	-102 185	-8 765
Acquisition cost, 31 Dec	0	95 821
Accumulated amortization, 1 Jan	46 589	43 627
Accumulated amortization in changes	-48 658	-8 765
Amortization for the period	2 069	11 727
Accumulated amortisation, 31 Dec	0	46 589
Book value, 31 Dec	0	49 232
Other capitalized expenditures		
Acquisition cost, 1 Jan	9 843	11 420
Increases	342	317
Decreases	-6 653	-1 894
Acquisition cost, 31 Dec	3 532	9 843
Accumulated amortization, 1 Jan	4 835	4 620
Accumulated amortization in changes	-3 575	-1 727
Amortization for the period	1 006	1 942
Accumulated amortization, 31 Dec	2 266	4 835
Book value, 31 Dec	1 266	5 008
Advance payments and work in progress		
Acquisition cost, 1 Jan.	-	-
Increases	2 766	-
Transfers	-	-
Acquisition cost, 31 Dec.	2 766	-
Book value of intangible assets, 31 Dec. total	5 747	65 860

EUR 1 000	31 Dec 2005	31 Dec 2004
8. FIXED ASSETS, TANGIBLE ASSETS		
Land		
Acquisition cost, 1 Jan	60	5 947
Increases	-	-
Decreases	-	-5 887
Acquisition cost and book value, 31 Dec	60	60
Buildings and structures		
Acquisition cost, 1 Jan	957	42 421
Increases	17	-
Decreases	-99	-41 464
Acquisition cost, 31 Dec	875	957
Accumulated depreciation, 1 Jan	551	9 830
Accumulated depreciation in changes	-3	-9 949
Depreciation for the period	30	670
Accumulated depreciation, 31 Dec	578	551
Book value, 31 Dec	297	406
Machinery and equipment		
Acquisition cost, 1 Jan	105 101	119 502
Increases	13 961	28 427
Decreases	-100 941	-42 828
Acquisition cost, 31 Dec	18 121	105 101
Accumulated depreciation, 1 Jan	66 099	77 630
Accumulated depreciation in changes	-65 331	-33 560
Depreciation for the period	12 373	22 029
Accumulated depreciation, 31 Dec	13 141	66 099
Book value, 31 Dec	4 980	39 002
Other tangible assets		
Acquisition cost, 1 Jan	197	316
Increases	-	7
Decreases	-191	-126
Acquisition cost, 31 Dec	6	197
Accumulated depreciation, 1 Jan	164	164
Accumulated depreciation in changes	-162	-
Depreciation for the period	-	-
Accumulated depreciation, 31 Dec	2	164
Book value, 31 Dec	4	33
Advance payments and work in progress		
Acquisition cost, 1 Jan	1 835	-1
Increases	7 626	1 836
Transfers	-	-
Acquisition cost, 31 Dec	9 461	1 835
Book value of tangible assets, 31 Dec total	14 802	41 336

EUR 1 000

31 Dec 2005

31 Dec 2004

9. INVESTMENTS

Shares in Group companies		
Acquisition cost, 1 Jan	543 931	1 152 061
Increases	298 769	337 942
Decreases	-33 169	-946 072
Acquisition cost, 31 Dec	809 531	543 931
Investment write-downs	-	-
Book value, 31 Dec	809 531	543 931
Shares in associated companies		
Acquisition cost, 1 Jan	21 109	18 684
Increases	34	2 425
Decreases	-	-
Acquisition cost, 31 Dec	21 143	21 109
Investment write-downs	-	-
Book value, 31 Dec	21 143	21 109
Other shares and interests		
Acquisition cost, 1 Jan	501	1 128
Increases	61	2
Decreases	-41	-629
Acquisition cost, 31 Dec	521	501
Investment write-downs	-	-
Book value, 31 Dec	521	501
Subordinated loan to Group companies		
Book value, 31 Dec	41 916	38 250
Financial investments, 31 Dec total	873 111	603 791

10. INVESTMENTS

Subsidiary shares

See page 47.

Shares in associated companies

See Note 12 to the notes to the consolidated financial statements.

Associated companies owned and managed by the parent company

See Note 16 to the notes to the consolidated financial statements.

Other shares and securities

See Note 13 to the notes to the consolidated financial statements.

EUR 1 000 31 Dec 2005 31 Dec 2004

11. NON-CURRENT RECEIVABLES

Loan receivable from Group companies	203 564	19 433
Receivables from associated companies	-	-

12. CURRENT RECEIVABLES

Receivables from Group companies		
Accounts receivable	7 281	12 227
Loan receivables	221 662	132 152
Group contributions receivable	-	-
Prepaid expenses and accrued income	12 407	5 744
	241 350	150 123
Receivables from associated companies		
Accounts receivable	171	2 492
Prepaid expenses and accrued income	-	-
	171	2 492

13. PREPAID EXPENSES AND ACCRUED INCOME

Net sales	-	45 071
Licence fees	16	14 105
Rents	3	8
Social costs	783	1 439
Mainframe computer costs	-	350
Corporate tax receivable	6 383	6 730
Other	14 321	14 799
	21 506	82 502

14. CHANGES IN SHAREHOLDERS' EQUITY

Share capital, 1 Jan	82 886	82 886
Cancellation of own shares purchased	-4 144	-
Exercise of share options	1	-
Share capital, 31 Dec	78 743	82 886
Share issue premiums, 1 Jan	-	910 083
Transfer from/to retained earnings	-	-910 083
Cancellation of own shares purchased	4 144	-
Exercise of share options	28	-
Share issue premiums, 31 Dec	4 172	-
Retained earnings, 1 Jan	639 169	416 809
Transfer from share issue premiums	-	910 083
Dividend distributions and donations	-78 797	-80 884
Purchase of own shares	-79 995	-97 394
Retained earnings, 31 Dec	480 377	1 148 614
Net profit for the period	436 918	-509 445
	917 295	639 169
Shareholder's equity, total	1 000 210	722 055

EUR 1 000 31 Dec 2005 31 Dec 2004

15. PROVISIONS

Pension commitments	2 454	1 713
Social costs on personnel warrants	-	3
Costs related to divestments	320	1 337
Rent commitment	2 719	-
	5 493	3 053

16. NON-CURRENT LIABILITIES

Debts to Group companies	-	-
Debts falling due after five years		
Bonds	50 000	-

Bonds with warrants

See Note 21 to the notes to the consolidated financial statements.

17. CURRENT LIABILITIES

Debts to Group companies		
Accounts payable	934	3 765
Other debt including cash pool	173 751	239 549
Accrued liabilities and deferred income	5 647	7 452
	180 332	250 766
Debts to associated companies		
Accounts payable	-	331
Accrued liabilities and deferred income	51	695
	51	1 026

Other current liabilities include commercial papers EUR 80.0 million.

18. ACCRUED LIABILITIES AND DEFERRED INCOME

Net sales	-	1 862
Vacation pay and related social costs	1 539	35 415
Other accrued payroll and related social costs	525	13 225
Tax accruals	-	35
Interest	1 141	33
Other	24 142	24 978
	27 347	75 548

19. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets		
From appropriations	-	6 680
From temporary differences	55 372	84 602
Deferred tax liabilities		
From appropriations	120	-
From temporary differences	1 428	-

EUR 1 000

31 Dec 2005

31 Dec 2004

20. CONTINGENT LIABILITIES

For TietoEnator's obligations		
Pledges	-	-
On behalf of Group companies		
Guarantees	19 280 *)	18 964*)
On behalf of associated companies		
Guarantees	1 400	1 483
Other TietoEnator obligations		
Rent commitments due in 2006 (2005)	26 416	28 663
Rent commitments due later	110 807	101 031
Lease commitments due in 2006 (2005)	167	6 160
Lease commitments due later	182	5 547
Other commitments	65 313 *)	3 325

Lease commitments are principally three-year lease agreements that do not include buyout clauses.

The parent company's lease commitments include finance lease agreements that on a consolidated basis are capitalized as fixed assets.

*) Does not include unused lines of credit guaranteed by the parent company, which totalled EUR 9.9 million (14.5) on 31 December 2005.

**) Including EUR 62.9 million commitment mainly for purchase of hardware.

Derivatives contracts		
Foreign exchange forward contracts	289 460	134 319
Change in market value	-871	555

Derivatives are used for hedging purposes only.

Shares and Shareholders

Share capital and shares

TietoEnator Corporation's issued and registered share capital on 31 December 2005 totalled EUR 78 743 322 and there were 78 743 322 shares. The number of registered shares declined by 4 144 322 as all shares repurchased by the company in 2004 were cancelled by the 2005 AGM. During 2005 TietoEnator executed another share repurchase programme and purchased a total of 2 903 860 shares, which are currently held as treasury stock. The number of outstanding shares is 75 838 712. TietoEnator's Board of Directors will propose cancellation of the repurchased shares at the Annual General Meeting in March 2006.

TietoEnator's shares have no par value and have a book counter-value of one euro. TietoEnator's shares are listed on the OMX Helsinki Stock Exchange and Stockholm Stock Exchange.

There is only one class of shares with equal dividend rights and each share is entitled to one vote. The company's articles of association include a redemption clause and a restriction on voting at the Annual General Meeting, where no-one is allowed to vote with more than one-fifth of the votes represented in the meeting. The articles of association are available on the company's website at www.tietoenator.com.

Warrants and options

Based in the outstanding warrants and options on 31 December, the total number of shares may increase, at the maximum, as follows:

	Shares	Subscription period	Exercise price
Bond with warrants 2000	3 003 245	- 31/05/06	54.50
Stock options 2002 A	449 220	01/12/05 - 30/06/09	24.23
Stock options 2002 B	960 300	01/12/06 - 30/06/09	24.23
	4 412 765		

TietoEnator also holds 25 000 of the 2000 warrants and 388 530 options under the 2002 B stock options scheme. If all the option rights in the company's possession are taken into account, the number of shares could increase by a maximum of 4 826 295. In all the current option schemes, the persons covered by the scheme receive the options if they were employed by TietoEnator on the starting date of the subscription period. Under the terms of the stock options 2002 scheme the subscription price will be reduced annually by the amount of dividend per share.

In spring 2005 Board of Directors decided to issue 500 000 options under the stock options 2002 scheme to TietoEnator's key employees and management. This leaves 300 000 options under this scheme so far unused.

The options under the bond with warrants 2000 are listed on the Helsinki and Stockholm stock exchanges. The subscription period for the 2002 A options began in December 2005 and these options are listed only on the Helsinki stock

exchange. The warrants under the 1998 bond with warrants fell due in May 2004 and the 1999 options in May 2005 without value.

In December 2005 the Board of Directors approved a new share-based incentive plan for TietoEnator Group's key personnel. Incentive rewards can be paid either as shares or in cash during the years 2007-2009. The cash payment covers taxes and tax-related costs. The share part of the programme has a maximum scope of 200 000 shares for the whole three-year period. The allocated amount of rewards each year is dependent on reaching financial performance targets that are set by the Board of Directors annually. The first shares can be allocated in 2007 based on the financial performance in 2006. The allocation regarding the year 2006 is based on TietoEnator Group's earnings per share (EPS) increasing 10-30% compared with 2005. It is prohibited to transfer the shares within two years from the end of an earning period. The incentive plan is targeted to approximately 50 key employees.

The price of the TietoEnator share averaged EUR 26.02 in 2005, thus being higher than the exercise price of the 2002 option programme EUR 24.23. Hence the diluted number of shares is slightly over the outstanding number of shares at 76 142 318 for the whole year of 2005. The fully diluted number of shares, assuming all warrants and options were exercised fully and excluding treasury stock, is 80 665 007, representing full dilution of 6.4 %.

Board authorizations

The 2005 Annual General Meeting authorized the Board of Directors to repurchase the company's own shares. The maximum amount to use under the programme was EUR 80 million to purchase a maximum of 3.11 million shares. The authorization is to be used to develop the company's capital structure and to reduce its negative gearing. In July 2005 TietoEnator's Board of Directors decided to exercise this authority and 2 903 860 shares were repurchased in public trading on the OMX Helsinki Stock Exchange during the periods 1 - 30 September and 21 October - 17 November at an average price of EUR 27.54 per share. A total of EUR 80 million in cash was used for the repurchases.

The Board was also authorized to issue shares, option rights and convertible bonds for one year from the Annual General Meeting of 2005 until 17 March 2006. Based on this authorization the share capital may increase by at most EUR 15 748 424. The purpose of the authorization is to safeguard the company's ability to develop its operations both in the domestic and in the international markets, in order to enable and to finance both the acquisition of companies and business operations and also other co-operative arrangements. This authorization has not been used.

Shareholders

The company had 28 874 name-registered shareholders at the end of 2005. 29% of TietoEnator shares were held by

Finnish and 20% by Swedish investors. In total, there were 26 341 retail investors in Finland and Sweden and they held 12% of TietoEnator's shares. None of the shareholders owns more than 5% of the shares, nor were there any notifications of changes in over 5% holdings during the year.

The Board of Directors, the CEO and his deputy together owned 0.0767% of the share capital and votes. Based on the bonds with warrants and options, they can increase their aggregate holding to at most 0.9913% of the shares.

TietoEnator does not have any major strategic shareholders, shareholder agreements or cross shareholdings which would limit the amount of shares available for trading. Additionally, since the existing stock option/warrant programmes and the share-based incentive plan represent limited dilution potential, the free float of the shares can be considered as 100% excluding the treasury stock currently held by the company.

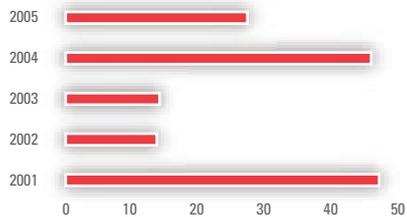
Share performance and trading

The turnover of TietoEnator shares totalled EUR 3 896.1 million (149 733 710 shares) in Helsinki and SEK 6 380.8 million (26 454 896 shares) in Stockholm in 2005. The total number of shares traded represented 191.8% of the average number of outstanding shares.

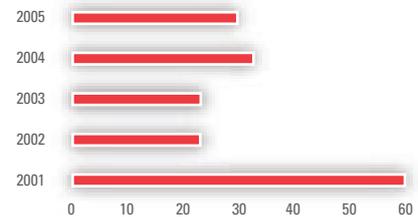
On OMX Helsinki the average share price in the year was EUR 26.02, whereas the share price at the end of the year was EUR 30.85. The highest price was EUR 31.16 and the lowest EUR 22.30. The market capitalization at the end of the year totalled EUR 2 429.2 million.

The TietoEnator share price gained 31.8% in Helsinki and 34.7% in Stockholm during the year. At the same time, OMX Helsinki's all-Share Index increased by 31.13% and the OMX Helsinki Cap Index by 30.14%. Stockholmbörsen's OMX Stockholm all-Share Index rose 32.6% in 2005.

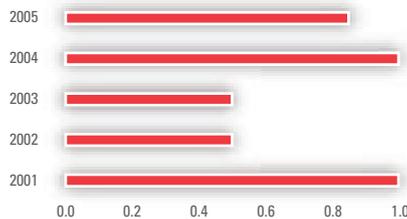
RETURN ON EQUITY, %



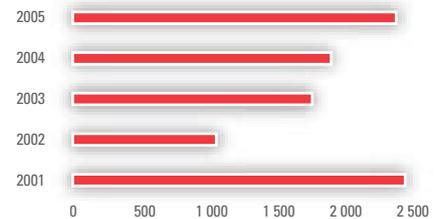
RETURN ON CAPITAL EMPLOYED, %



DIVIDEND / SHARE, EUR



MARKET CAPITALIZATION, EUR MILLION



	2005	2004	2003	2002	2001
	IFRS	IFRS	FAS	FAS	FAS
SHARE INFORMATION					
Changes in share capital					
Share capital at year end, EUR	78 743 322	82 886 444	82 886 444	82 886 444	83 326 740
Number of shares	78 743 322	82 886 444	82 886 444	82 886 444	83 326 740
Adjusted number of shares at year end	78 743 322	82 886 444	82 886 444	82 886 444	83 326 740
Adjusted average for the year	78 063 022	81 977 804	82 886 444	82 856 926	82 437 328
Per share data					
Earnings per share, EUR					
- basic	1.75	2.71	0.79	0.77	2.40
- diluted	1.75	2.71			
Earnings per share, EUR ^{a)}	1.66	1.42			
Equity per share EUR	6.60	6.49	5.74	5.53	5.84
a) Excluding goodwill impairments, amortization on allocated intangible assets from acquisitions, stock option expenses and one-time capital gains and deferred tax income.					
Share price performance and trading volumes					
<u>On the OMX Helsinki Stock Exchange</u>					
Highest price of share, EUR	31.16	27.70	24.55	32.35	36.40
Lowest price of share, EUR	22.30	19.90	11.50	10.25	18.86
Average price of share, EUR	26.02	23.58	16.91	20.14	27.98
Turnover, number of shares	149 733 710	127 507 163	104 692 989	85 479 503	107 451 734
Turnover, %	191.8	155.5	126.3	103.2	130.3
<u>On the OMX Stockholm Stock Exchange</u>					
Highest price of share, SEK	292.00	254.00	220.00	297.50	325.00
Lowest price of share, SEK	202.00	184.00	107.00	93.00	189.50
Average price of share, SEK	241.20	216.71	153.58	204.63	257.75
Turnover, number of shares	26 454 896	11 205 872	15 257 580	16 813 102	27 520 566
Turnover, %	33.9	13.7	18.4	20.3	33.4
Market capitalization, EUR million	2 429.2	1 939.5	1 798.6	1 077.5	2 479.0
Dividends					
Dividend, EUR 1 000	64 464	78 742	41 443	41 443	82 582
Dividend per share EUR	0.85	1.00	0.50	0.50	1.00
Extra dividend paid 2004, EUR 1 000		39 371			
Dividend per share EUR		0.50			
Payout ratio, %	48.6	47.0	63.3	64.9	41.7
Price-weighted ratios					
<u>On the OMX Helsinki Stock Exchange</u>					
Price per earnings ratio (P/E)	18	9	28	17	12
Dividend yield, %	2.8	6.4	2.3	3.9	3.4
<u>On the OMX Stockholm Stock Exchange</u>					
Price per earnings ratio (P/E)	17	9	28	17	12
Dividend yield, %	2.8	6.5	2.3	3.8	3.4

Major shareholders 31 December 2005

	Shares	%
1 Didner & Gerge Aktiefond	1 800 000	2.3
2 Nordea funds	1 444 170	1.8
3 Roburs funds	1 442 688	1.8
4 Svenska Litteratursällskapet i Finland	1 314 000	1.7
5 Tapiola	1 165 980	1.5
6 Mutual Pension Insurance Co, Ilmarinen	1 020 580	1.3
7 AMF Pensionsförsäkrings AB	980 000	1.2
8 SEB fonder	917 660	1.2
9 OP funds	885 714	1.1
10 Varma Mutual Pension Insurance Co.	782 400	1.0
Remaining nominee-registered	49 304 568	62.6
Others	17 685 562	22.5
Total	78 743 322	100.0

Based on ownership records of the Finnish and Swedish central security depositories. TietoEnator started share repurchasing on 1 September. On the end of December 2005 TietoEnator held 2.90 million shares.

Ownership structure on 31 December 2005

	% of shares
Corporations	5
Financial and insurance institutions	5
Public organizations	6
Non-profit organizations	4
Households	9
Foreign	0
Nominee-registered	71
Total	100

Based on ownership records of the OMX Helsinki Stock Exchange.

Division of shares on 31 December 2005

Number of shares	Shareholders		Shares	
	No	%	No	%
1 - 100	4 592	37.0	279 652	0.4
101 - 500	4 528	36.5	1 211 168	1.5
501 - 1 000	1 454	11.7	1 130 086	1.4
1 001 - 5 000	1 513	12.2	3 292 253	4.2
5 001 - 100 000	289	2.3	5 457 549	6.9
100 001 - 999 999 999 999	31	0.2	67 353 374	85.5
Joint book-entry account			19 240	0.0
Total	12 407	100.0	78 743 322	100.0

Based on ownership records of the OMX Helsinki Stock Exchange.

Change in share capital

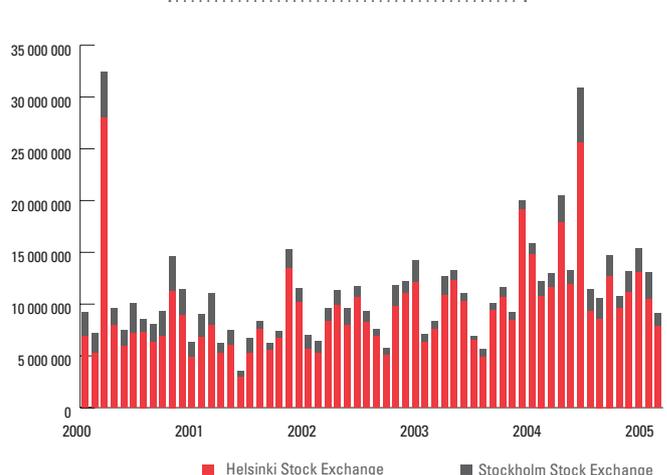
	Shares
Shares / votes 31 December 2004	82 886 444
Bonds with options subscribed, registered on 16 Dec. 2005	1 200
Nullifying of company's own shares 17 March 2005	-4 144 322
Total 31 December 2005	78 743 322
Bonds with options subscribed, registered on 12 Jan. 2006	750
Total 12 January 2006	78 744 072

TietoEnator, trading codes

OMX Helsinki Stock Exchange	TIE1V
OMX Stokholm Stock Exchange	TIEN
Reuters, Helsinki Stock Exchange	TIE1V.HE
Reuters, Stokholm Stock Exchange	TIEN.ST
Bloomberg, Helsinki Stock Exchange	TIE1V FH
Bloomberg, Stokholm Stock Exchange	TIEN SS
ISIN code	FI0009000277

Share information

share lot	20
shares/votes	1
Taxation 2005, EUR	21.64

SHARE PRICE DEVELOPMENT, 5 YEARS**DEVELOPMENT OF TOTAL TURNOVER, 5 YEARS**

Proposal of the Board of Directors

EUR million

Consolidated equity totalled	500.9
Retained earnings and profit for the period included in the equity totalled of which distributable funds total	347.3 332.2
Distributable funds in the parent company	917.3
The Board of Directors proposes that the distributable funds mentioned above be used as follows:	
- a dividend of EUR 0.85 per share be paid to shareholders	64.5
- the remainder be carried forward	852.8

Espoo, 8 February 2006

Matti Lehti
Chairman

Anders Ullberg
Deputy chairman

Kalevi Kontinen
Chairman
until 31. December 2005

Mariana Burenstam Linder

Elisabeth Eriksson

Bengt Halse

Olli Martikainen

Olli Riikkala

Pirjo Salo

Pentti Heikkinen
President and CEO

Auditors' report

To the shareholders of TietoEnator Corporation

We have audited the accounting records, the financial statements and the administration of TietoEnator Corporation for the financial year 2005. The Board of Directors and the Managing Director have prepared the Report of the Board of Directors and the consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the EU and the parent company's financial statements prepared in accordance with prevailing regulations in Finland, that include the parent company's balance sheet, income statement, cash flow statement and the notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, the parent company's financial statements and on the administration of the parent company.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration is to examine that the members of the Board of Directors and the Managing Director of the parent company have complied with the rules of the Companies' Act.

Consolidated financial statements

In our opinion the consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the EU, which disclose a net income of 138,0 M€, give a true and fair view, as referred to in the International Financial Reporting Standards as adopted by the EU and defined in the Finnish Accounting Act, of the consolidated result of operations as well as of the financial position. The consolidated financial statements can be adopted.

Parent company's financial statements and administration

In our opinion the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Finnish Accounting Act, of the parent company's result of operations as well as of the financial position. The financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the distributable funds is in compliance with the Companies' Act.

Espoo, February 8, 2006

ERNST & YOUNG OY
Authorized Public Accountant Firm

Sven-Erik Guarnieri
Authorized Public Accountant

Tomi Englund
Authorized Public Accountant

Information for Shareholders

Annual General Meeting

TietoEnator Corporation's Annual General Meeting (AGM) will be held at the Company's premises, Kutojantie 6-8 (Kilo 1-2), Espoo, Finland, on Thursday 23 March 2006 at 5.00 p.m. EET.

Attending the AGM

In order to attend the AGM, shareholders are required to:

- be registered in the Company's shareholders' register, maintained by the Finnish Central Securities Depository Ltd, on 13 March 2006 and
- notify their wish to attend the meeting not later than Friday 17 March 2006 at 4.00 p.m. EET.

Registration in the shareholders' register

A shareholder whose shares are registered in a personal book-entry account at the Finnish Central Securities Depository Ltd is automatically registered in the Company's shareholders' register. Nominee-registered shareholders may on 13 March 2006 be provisionally registered in the Company's shareholders' register for attending the AGM. Therefore, a shareholder whose shares are registered at VPC AB should contact VPC AB. Other nominee-registered shareholders should contact their relevant account holders. A request for provisional registration must be received by VPC AB not later than 8 March 2006 at 4.00 p.m. CET.

Notice to attend

Shareholders wishing to attend the AGM must notify the Company not later than by 4.00 p.m. (EET) on 17 March 2006 either:

- by telephone +358 9 8626 3009
- by telefax +358 2060 20232
- at internet www.tietoerator.com/agm
- by e-mail agm@tietoerator.com or
- by mail TietoEnator, Legal, P.O. Box 33, FI-02631 Espoo, Finland

Proxy

Letters of proxy allowing shareholders to be represented by a representative at the AGM must be received by the Company at the postal address above not later than 17 March 2006.

Dividend payment

The Board of Directors proposes to the AGM that a dividend of EUR 0.85 per share be paid on the financial year 2005. The dividend will be paid to shareholders who are registered in the Company's shareholders' register maintained by the Finnish Central Securities Depository Ltd, or in the register maintained by VPC AB, on the record date for dividend payment, which is 28 March 2006. It is proposed that the dividend be paid on 11 April 2006.

Shareholders' calendar for 2006

February 2	Fourth quarter and full year 2005
February 9	Financial Statement Bulletin 2005
Week 7	Financial Review 2005, Annual Review 2005 (pdf)
March 3	Financial Review 2005, Annual Review 2005 (printed)
March 13	Record date for AGM
March 23	AGM
March 28	Record date for dividend
April 11	Dividend payment
April 27	Interim Report for the first quarter 2006 (January – March)
July 21	Interim Report for the second quarter 2006 (January – June)
October 20	Interim Report for the third quarter 2006 (January – Sept)

Reviews are published in English, Finnish and Swedish and are available at TietoEnator's Internet pages, www.tietoerator.com

To order the printed Annual Review 2005 and Financial Review 2005:

- www.tietoerator.com/orderreports
- e-mail: reports@tietoerator.com
- tel. +358 9 862 6000, fax +358 9 862 63091
- tel. +46 8 632 1400, fax +46 8 632 1420

Investor relations contacts

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Marja Korteso, IR and Financial Communications
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Sirpa Salo, Investor Meetings
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sirpa.salo@tietoerator.com

Analysts following TietoEnator

Analysts following TietoEnator are listed on the company's website, www.tietoerator.com.

Contact information

All addresses can be found on TietoEnator's website www.tietoanator.com

TietoEnator Corporation

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Kronborgsgränd 1
SE-164 87 KISTA, SWEDEN
Tel. +46 8 632 1400
Fax +46 8 632 1420

Business ID: 0101138-5
Registered office: Espoo

Banking & Insurance

Kutojantie 10
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FI-02631 ESPOO, FINLAND
Tel. +358 9 862 6000
Fax +358 9 8626 2685
Offices in Belgium, Denmark, Estonia, Finland,
Germany, Latvia, the Netherlands, Norway, Portugal,
Russia, Sweden, Ukraine, United Kingdom and USA

Telecom & Media

Kutojantie 6-8
P.O. Box 156
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Fax +358 9 8626 0420
Offices in Belgium, Czech, China, Denmark, Estonia,
Finland, France, Germany, Italy, Latvia, Lithuania,
Norway, Slovakia and Sweden

Healthcare & Welfare

Mauritiusstr. 102-104 DE-50226 FRECHEN, GERMANY Tel. +49 2234 9119 0 Fax +49 2234 9119 436	Tietotie 6, P.O. Box 60 FI-02131 ESPOO, FINLAND Tel. +358 9 862 6000 Fax +358 9 464 803
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Offices in Denmark, Finland, Germany, India,
the Netherlands, Norway and Sweden

Government, Manufacturing & Retail

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P.O. Box 403
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Fax +358 9 464 803
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and Sweden

Forest & Energy

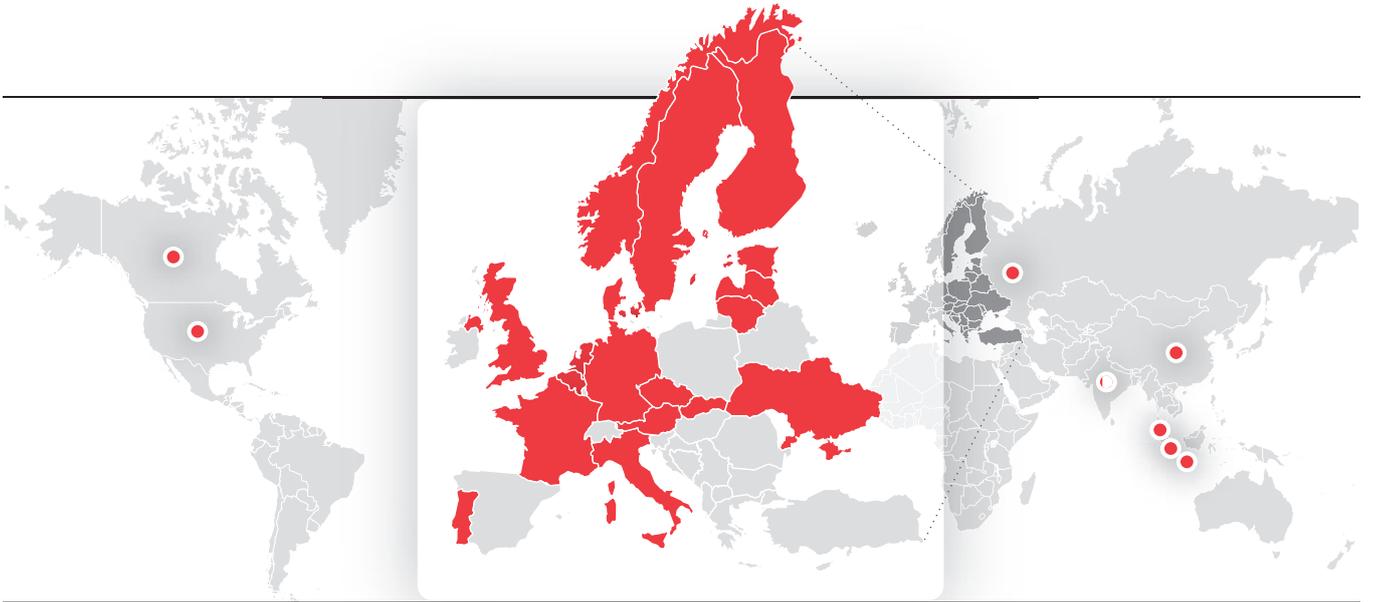
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Fax +358 9 8626 0590
Offices in Austria, Canada, China, Finland, France, Germany,
Indonesia, Malaysia, the Netherlands, Norway, Singapore,
Sweden, United Kingdom and USA

Processing & Network

Aku Korhosen tie 2-4
P.O. Box 38
FI-00441 HELSINKI, FINLAND
Tel. +358 20 720 10
Fax +358 20 72 694 00
Offices in Belgium, Czech, Denmark, Estonia, Finland, Ger-
many, Lithuania, Norway, Sweden, United Kingdom and USA

Digital Innovations

Aku Korhosen tie 2-4
P.O. Box 38
FIN-00441 Helsinki, FINLAND
Tel. +358 20 720 10
Fax +358 20 72 669 66
Offices in Denmark, Finland, Norway, Sweden and Czech



Countries of operation

Austria, Belgium, Canada, China, Czech, Denmark, Estonia, Finland, France, Germany, India, Indonesia, Italy, Latvia, Lithuania, Malaysia, the Netherlands, Norway, Portugal, Russia, Singapore, Slovakia, Sweden, Ukraine, the United Kingdom and the USA.

TietoEnator is among the leading architects in building a more efficient information society. With over 15 000 experts, we are one of the largest IT services providers in Europe.

Our leading-edge know-how is geared towards developing innovative IT solutions that realize and digitalize the visions of our customers. We work in close partnership helping them to manage and run their business better.

We've chosen to focus on areas where we have the deepest industry expertise. The principal ones globally are banking, telecom, healthcare and forest. In these areas, we work hand in hand with many of the world's leading companies and organizations. We are growing with them and are now active in more than 25 countries.

TietoEnator Corporation

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TietoEnator 

Building the Information Society