Annual Review 2006

Towards one TietoEnator

TietoEnator Corporation Annual Review 2006

TietoEnator

Contents

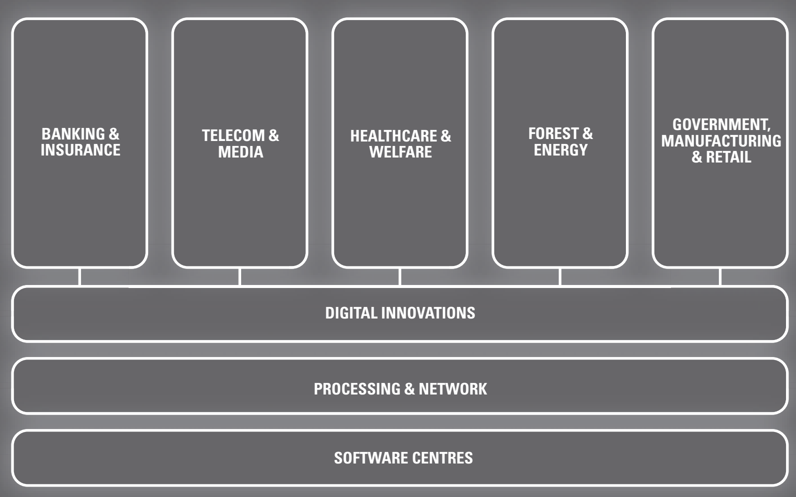
TietoEnator also provides a printed Financial Review containing the official financial statements. The Financial Review 2006 is available on TietoEnator's Internet pages, www.tietoenator.com and it can be ordered by:
e-mail: TEreports@121.fi
tel. +358 9 862 6000, fax +358 9 862 63091
tel. +46 8 632 1400, fax +46 8 632 1420

TietoEnator in Italy
***Nicoletta Betti** and **Stefano Orlandi**, Telecom & Media, under the Saint Angelo Bridge angel by Gian Lorenzo Bernini, Rome, Italy.*

PHOTO: NAPOLITANO GIULIO

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

- TietoEnator is among the leading architects in building a more efficient information society. With about 16 000 experts, we are one of the largest IT services companies in Europe.
- Our leading-edge know-how is geared towards developing innovative IT solutions that realize and digitalize the visions of our customers. And 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 are globally 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 close to 30 countries.



TietoEnator in 2006

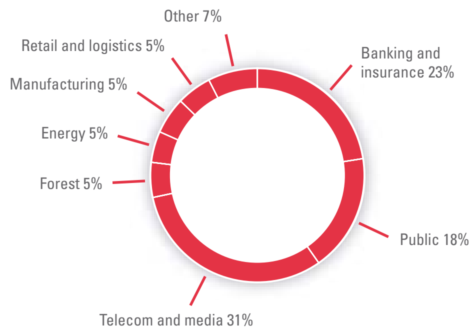
- The market for IT services and solutions was active throughout 2006.
- Solutions that improve customer service and accelerate product launches strengthened as drivers of demand.
- Demand also continued to be focused on cost savings and enhancing business process efficiency.
- TietoEnator's performance in 2006 did not completely meet expectations; net sales rose 5%, the operating margin was 7%.
- Intense global price competition spurred TietoEnator to expand its network of service centres in low-cost countries.
- The company made major investments in international expansion, enhancing its service portfolio, marketing and brand building.
- TietoEnator's operations in banking, telecom and healthcare grew internationally.
- Growth was strong in the banking and insurance sector.
- In the telecom sector TietoEnator strengthened its position as a leading supplier of research and development services despite tough competition and pressure on prices.
- Structural change in the healthcare sector increased demand for information systems. TietoEnator expanded through acquisitions in several of its countries of operation.

Key Figures

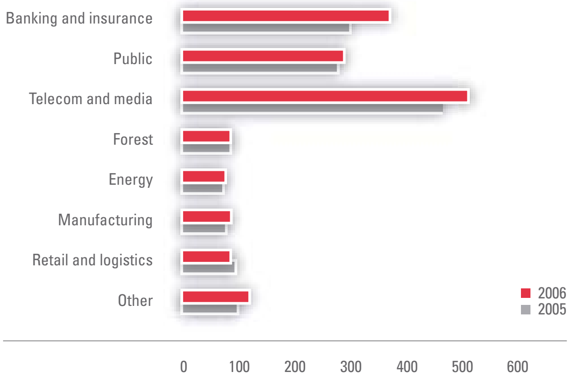
Continuing operations	2006	2005
Net sales, MEUR	1 646.5	1 570.4 *)
Operating profit before goodwill impairment and one-time capital gains, MEUR	112.0	150.1 *)
Margin, %	6.8	9.6 *)
Operating profit (EBIT), MEUR	127.7	169.1 *)
Operating margin, %	7.8	10.8 *)
Profit before taxes, MEUR	124.5	171.2 *)
Earnings per share from continuing operations, EUR	1.15	1.73
Equity per share, EUR	8.51	6.60
Dividend per share, EUR	1.20	0.85
Investments in continuing operations, MEUR	77.9	267.3 *)
Return on equity, %	15.5	27.3
Return on capital employed, %	18.7	29.7
Gearing %	14.9	39.1
Equity ratio, %	48.4	39.8
Personnel on average	14 414	13 213 *)
Personnel on 31 Dec	14 597	13 968 *)

*) Re-presented for continuing operations

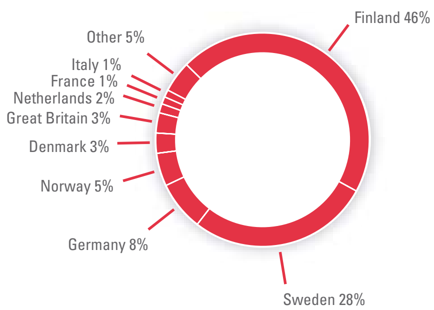
NET SALES BY INDUSTRY SEGMENT, 2006



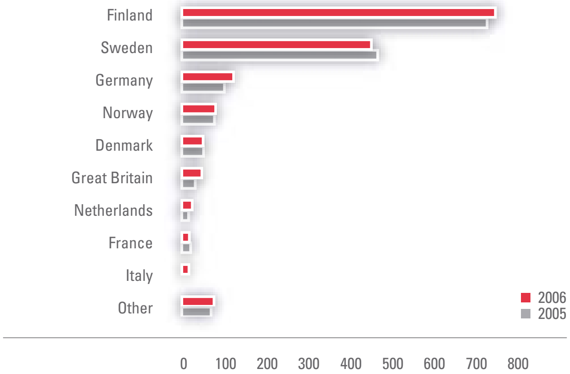
NET SALES BY INDUSTRY SEGMENT, EUR MILLION



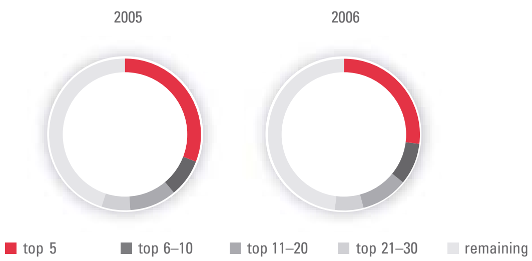
NET SALES BY COUNTRY, 2006



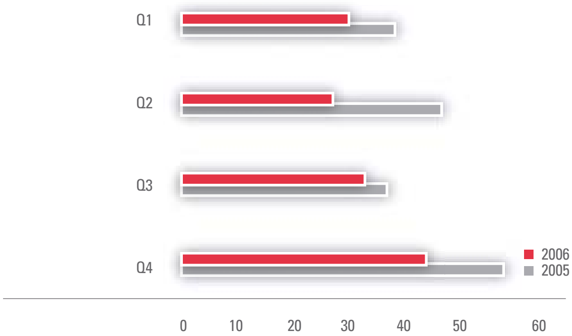
NET SALES BY COUNTRY, EUR MILLION



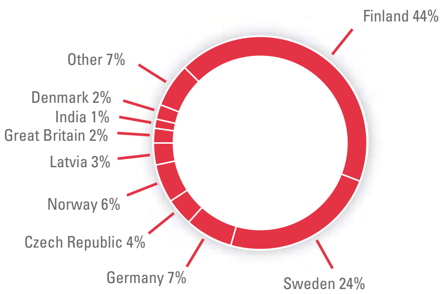
KEY CUSTOMERS´ SHARE OF NET SALES



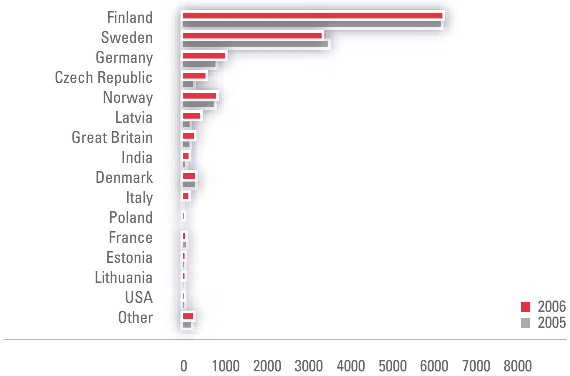
OPERATING PROFIT(EBIT) BY QUARTER, EUR MILLION



PERSONNEL BY COUNTRY ON AVERAGE, 2006



PERSONNEL BY COUNTRY ON AVERAGE



Society continues to make rapid progress towards the digital economy; an ever larger proportion of products and services today are produced, distributed and consumed via digital networks. Consumers, likewise, increasingly expect digital self-service covering an ever wider range of needs with the possibility to use multiple channels. At the same time price competition is further intensifying in basic IT services. TietoEnator's response to this trend in 2006 was to invest strongly in reinforcing its competitive edge and offerings and in expanding the volume of its international business.

A year of investment

Throughout its history TietoEnator's core concept has been to gain a profound understanding of the business sectors and processes of its various customers. In recent years the company's competitors have come increasingly from low-cost countries. Our customers, also, are finding themselves facing global competition. Consolidation among both customers and within the IT industry itself continues as a result of tougher price competition. As some IT services mature into basic services sold only on price, TietoEnator is supplementing its deep business sector expertise with new competitive strengths that differentiate it from its competitors. Crucial for the company is its ability to combine its core expertise and close customer partnerships with better price-competitiveness and products tailored to specific business sectors.

TietoEnator has built up a platform for its global competitiveness in the past few years. The company is currently implementing a number of projects related to new products and services, digital self-service and seamless service chains, that will increase added value for customers. TietoEnator has also focused on improving its own productivity in several ways, such as expanding its global service production, harmonizing its operating models, methods and services, and forging deeper and broader co-operation with technology vendors.

New organization and improved offering strengthen competitiveness

TietoEnator's main challenge at the moment is to outperform its international competitors and to grow profitably in today's global marketplace. To succeed in this task, the company must concentrate investments in its sectors of strongest expertise. A new organization was introduced at the beginning of 2006 that supports this globalization process. Four of TietoEnator's business areas – Banking & Insurance, Telecom & Media, Healthcare & Welfare, and Forest & Industry – are international in scope and concentrate on developing commoditized solutions for specific customer groups and markets worldwide. These businesses will receive the bulk of the Group's growth investments in the future. TietoEnator's services for its other customer sectors are centred around its other two business areas –Government, Manufacturing & Retail and Processing & Network. These operate primarily in the Baltic Rim countries and their businesses are based on a comprehensive product and service offering together with close customer partnerships.

Two years ago TietoEnator embarked on a programme to build seamless customer interfaces. This process continues apace, the objective being that, by combining the services of the vertical business areas with the supportive services provided by Processing & Network and the Digital Innovations unit, the Group will be able to fully cover the digital self-service value chains of its customer businesses. For customers, this will mean seeing TietoEnator as a single total service provider. The Group launched a service model in 2006 called Application Service Management (ASM) under which TietoEnator takes full responsibility for building and maintaining a customer's systems. The result is that these systems will seamlessly support the customer's core business processes and operate as required, even as conditions change in the long term.

This new approach immediately showed its competitiveness during 2006. TietoEnator raised its market share in processing and network services and the Digital Innovations unit showed organic growth of more than 20%.

TietoEnator's success in reaching its international growth targets depends above all on its ability to turn its services into competitive, packaged solutions. The company's traditional partnerhip service model works extremely well in the Nordic countries, TietoEnator's domestic market. In its internationally focused business areas, however, TietoEnator gave priority during 2006 to developing repeatable, packaged solutions that meet the needs of specific customers or market segments.

It is precisely this portfolio of packaged products that stands TietoEnator apart from other service providers in the international marketplace.

The Nordic business sectors that have gone furthest down the road of digital self-service, such as banks and teleoperators, have for years provided solutions enabling consumers to handle their business dealings fast and easily online. Now that consumers have learnt to work independently online and to trust digital networks, they are requiring the corporate sector to provide digital self-services for all their needs.

As an IT partner to Nordic corporations and public authorities, TietoEnator has been a pioneering developer of online self-service solutions and along the way has amassed vast experience of the solutions best suited to many different sectors. Gathering the best expertise of its business areas in digital services and applying this to different sectors enables TietoEnator to generate synergies between its customers' businesses and to accelerate the commoditization and adoption of digital self-service in different sectors. TietoEnator forecasts that the prevalence of network services and seamless compatibility between different service channels will rapidly increase in the next few years, and that creating and implementing these solutions will generate significant new business opportunities for the company.

Further growth in global service production

TietoEnator took a major step forward last year in the development of its own worldwide service production network. The number of employees in the software centres in low-cost countries doubled to about 2 000 people. This is almost 13% of the company's total workforce and ranks TietoEnator among the top European IT services companies in this respect. The services of the global service centres are now an integral part of all TietoEnator's offerings and cover all the services that can be produced over networks.

TietoEnator will continue to develop its global service production operations in order to reach its goal to be the world's leading IT company in customer intimacy and at the same time achieve outstanding business performance. The company's long-term goal is to have 40 % of its workforce in low-cost countries.

Investments will bear fruit in the years ahead

Parallel with the action taken to developing internal efficiency, the product and service offering and global service production, last year TietoEnator also made substantial investments in international marketing and building up its corporate image. This was a period of heavy investment for the company which is expected to yield performance improvements in the future.

TietoEnator's main goals in 2006 were to strengthen its organic growth and improve its profitability. Organic growth was in fact higher than one year earlier and accelerated towards the year end. The targets set at the beginning of the year were not reached, however. The company is not satisfied with its profits for 2006; investments in the future, coupled with unfavourable price and cost trends, depressed TietoEnator's profitability more than expected.

More focused allocation of investments and strict cost control are of key importance to safeguarding the company's future profitability. Organic growth in 2007 is expected to be in line with the level 2006 and the operating profit of the underlying business is expected to exceed the level of 2006.

The large development projects and changes we have executed in recent years have demanded a great deal from our employees. To them I offer my sincerest thanks for the tenacity and flexibility they have consistently demonstrated in working to reach our common goals. I also extend my warm thanks to our customers for their constructive and fruitful co-operation and our owners for the continued trust they place in us.

Pentti Heikkinen
President and CEO

Combining customer intimacy and global sourcing

Strategy and group review

PHOTO: JAN TAJZICH AND VITEZSLAV TAJZICH

TietoEnator's vision is to become the world's leading provider of high-value-added IT services in selected vertical markets. Its differentiation is based on superior vertical or industry-specific expertise, which originates from deep, long-term customer relationships. Vertical expertise enables TietoEnator to focus on building its competitive advantage around customer intimacy.

TietoEnator in the Czech Republic
Lukaš Hrdý*, Digital Innovations, in front of the Antonin Dvorak Theatre in Ostrava, Czech Republic.*

Climbing up the value chains of customers

TietoEnator's service portfolio is based on innovative use of the latest information technology and world-class software products. Another unique element of the strategy is that TietoEnator itself owns an important share of the software that it includes in its offerings to its customers. TietoEnator's own industry-specific software products, frameworks, modules and components represent the most crystallized expertise in the sector.

To be a leading provider means to be the best in customer intimacy, to have a strong market share in the areas the company has decided to focus on, and to be profitable. This combination enables a company to achieve profitable growth and thus deliver value to all its vital stakeholders: customers, employees and shareholders. It also guarantees success and prosperity in the long term.

No company can become the leading global specialist in all industry sectors. TietoEnator has selected a limited number of customer industries where it has built up superior vertical expertise. These are banking and insurance, telecom and media, healthcare and welfare, government, manufacturing, retail, forest and energy.

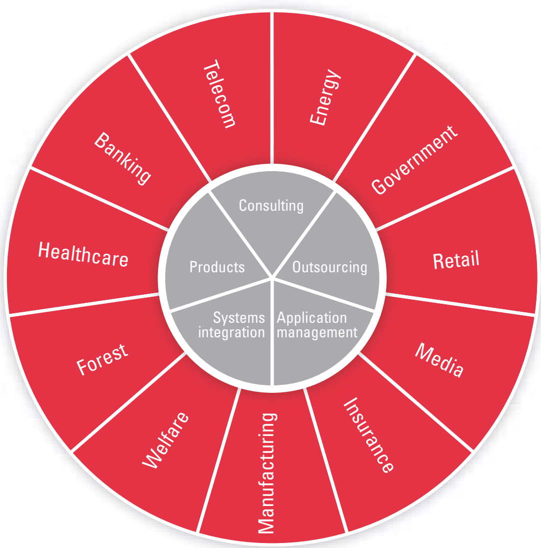
Both global and regional verticals are important for growth

Growth requires investment and a company of TietoEnator's size must focus its investments on areas where it sees the highest growth potential internationally and where its expertise is truly differentiated. TietoEnator has chosen banking, telecom, healthcare and forest verticals as the international spearheads where it can meet the strongest global competition.

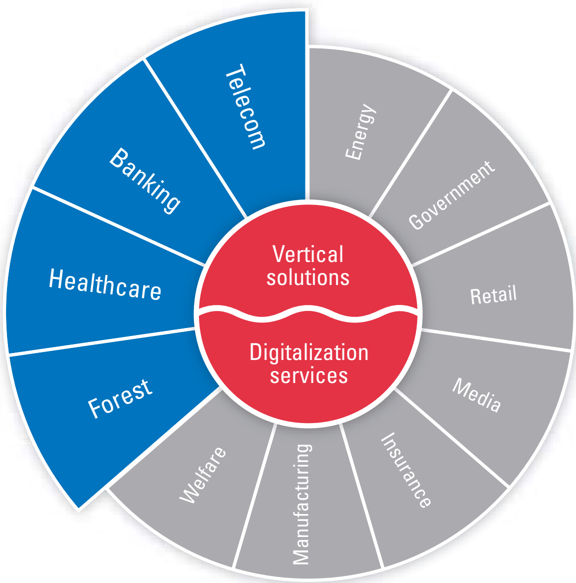
The regional verticals operate in the Baltic Rim area, where TietoEnator can use all its local strengths like customer intimacy and the company's brand at their best. The regional verticals play an extremely important role in supporting the internationalization of TietoEnator as leaders in their respective areas.

TietoEnator invests heavily in its employees' professional skills in creating new offerings and services and in acquisitions. The role of acquisitions is to strengthen TietoEnator's position in its strategic vertical and geographical areas, and to support its future growth.

HOME MARKET



INTERNATIONALIZATION



Digitalized services - more value for customers, more revenue for TietoEnator

We are rapidly moving towards a society in which all data-intensive products and services will be produced, distributed and consumed electronically. More and more of the production and distribution of physical products is also controlled by digital processes today. This trend is generating a lot of benefits for both society at large and for business life. TietoEnator is playing a key role in this development by enabling its corporate and public sector customers to achieve more economical, secure and environmentally friendly benefits and processes.

At the same time the IT services and software market is dividing into value-driven IT services and commodity IT services. Offering superior value to customers requires a deep understanding of the customer's business and industry. The commodity services are a more mature part of the business: a lot of suppliers offer a similar service and prices are under pressure.

As a vendor focusing on high-value-added services, TietoEnator needs to develop new revenue-generating digitalized services together with its customers. There is a need to constantly climb up and reshape the value chains of its customers' businesses. It is also important for the company to consider whether some of the most commoditized services belong any longer to the portfolio of a high-value-added service provider like TietoEnator and should be divested.

The value-added focus and new type of services can be achieved by creating innovative combinations of TietoEnator's offerings in different business areas: in vertical services, processing and network services, and digital innovations services.

Vertical expertise, customer intimacy and price competitiveness are keys to growth and higher market share

As the ICT service industry becomes mature and more commoditized, vertical expertise as a differentiating factor is no longer sufficient. More and more industries are experiencing global competition and many of TietoEnator's competitors come from low-cost environments. This has resulted in persistent price pressure in many of the areas TietoEnator operates in. It means that vertical expertise and customer intimacy must be combined with price competitiveness for the company to grow and gain market share. To be able to offer lower prices where needed, TietoEnator has to work on its cost base continuously.

TietoEnator will continue to drive its costs down in the future. The means are its own global sourcing operations, common processes and infrastructure, and common support services. Being good enough in cost control, having part of the workforce in low-cost environments, working together wherever it makes sense, and being a professional buyer will help TietoEnator compete and win business in the future.

Values a strong base for operation

TietoEnator's 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.

Focus moves to profitability

Demand for IT services and solutions continued to develop positively in 2006. However, cost savings and business process efficiency have not disappeared as strong drivers of demand despite positive market development lasting several years; rather, they have become a permanent part of IT management among customers. Constantly increasing in importance are drivers related to new revenue growth. Many companies and public sector service providers are finding that they can only introduce new services, and achieve faster time-to-market and a higher level of customer service through investments in new information technology. It is likely that this trend towards giving greater priority to revenue-related investments will continue in the years ahead.

Other prevailing trends that seem to be getting stronger over time are value chain digitalization, automation of business processes and greater use of digital self-services. It is consumers who are increasingly the party initiating transactions and information flows when conducting business or using public services. Companies and service providers can make this happen most efficiently through web-based channels, which is raising demand for fully integrated digital self-service applications.

The commoditization of certain IT services, such as hosting IT infrastructures or the maintenance of mature applications, is making further progress. The most commoditized areas are also under the heaviest price pressure and the market attracts low-cost service providers. At the same time there is a clearly higher focus among many IT services and solutions providers on creating new innovations, leading to a totally new level of value for customers.

Typical expectations for IT services growth in the Nordic countries in the years ahead are in the range of 5 - 6%, which is very close to the level forecast the year before. Volume growth is clearly exceeding price development. IDC expects annual average growth to total 5.1% in Finland and 5.0% in Sweden in 2006 - 2010 (IDC, 2006, Nordic Quarterly Executive Service: Market Analysis, #N520604N). Pierre Audoin Consultants (PAC) forecast that the external Nordic software and IT services market will grow 5.6% annually in 2006 - 2010 with outsourcing experiencing the highest annual growth, 7.7% (PAC 08/2006).

Cost structure undergoing change

The most important production factor in IT services is labour. Personnel-related expenses are by far the biggest cost item for the industry and thus salary inflation, labour mobility and the availability of a competent workforce all have a major influence on the success and profitability of IT service companies.

These factors are currently changing, however, as global sourcing has now become an integral part of the industry. This means that different salary levels around the world are creating clear employee sourcing opportunities, although these can be weakened by unfavourable labour mobility and the low availability of competent people. In 2006 labour mobility in the IT services sector continued to increase globally. There are shortages of qualified employees for certain specific expertise areas. Wage inflation increased slightly in Western Europe, it increased from earlier levels in Eastern Europe and was at high levels in countries with a lot of new recruitment needs like India.

In 2006 salaries in the IT services sector increased generally by around 4% in Finland and 3% in Sweden. Based on collateral agreements salaries are expected to rise by about 2% in Finland and about 3% in Sweden in 2007.

Market shares mainly unchanged

TietoEnator enjoys a leading market position in the Nordic countries, especially in Finland. IDC estimates TietoEnator's market share in IT services as a whole at the end of 2005 to be 27% in Finland (28% in 2004) (IDC, 2006, Finland: IT Services 2005 Vendor Shares and 2006 - 2010 Forecast: Market Analysis, #FI560653N) and 7% (8%) in Sweden (IDC, 2006, Sweden: IT Services 2005 Vendor Shares and 2006 - 2010 Forecast: Market Analysis, #SE560652N).

In Finland the market shares of the biggest IT services vendors have been very stable. The only way that a few companies have been able to increase their market share is through acquisitions. The minor decrease in TietoEnator's market share is due to a decline in prices and to efficiency improvements delivered to customers rather than lost contracts.

In Sweden the market shares of the biggest vendors were also rather stable and slightly down for most companies. WM-Data increased its market share by acquisitions. In project services TietoEnator was able to maintain its number one position even though its market share declined slightly. In outsourcing services there was a minor increase in TietoEnator's market share.

The market share information shows the evident difference between the Finnish and Swedish markets: Finland is a highly concentrated market with the top five suppliers accounting for the bulk of the total market, 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. In several vertical sectors TietoEnator is the market leader. (PAC, 2006)

Competitors very different

Competition in the IT services market is intense and has not been alleviated by the positive market development. Not all of the market is driven by price competition; in some areas the most important competitive differentiator can be service quality and reliability, software functionality, specific competences or innovation.

From TietoEnator's perspective competitors can be very different depending on customer industry, type of service and geography. TietoEnator's competitors fall broadly into four groups: large international service providers including offshore companies, horizontal software product companies, vertically focused solution companies, and R&D service companies. The competitors most often faced are the international IT services providers such as Accenture, HP and IBM, each with their own strengths and weaknesses. The Indian IT services companies have become strong competitors in some specific areas, like telecom R&D services.

More services from low-cost countries

The overall picture for pricing is somewhat more positive than a year ago, but trends among different sectors are still diverse. The small-scale solutions or projects business in local markets is enjoying improving pricing conditions. Bigger projects for major customers, especially those subject to global competition, are still experiencing price pressure and there is an increasing role for global sourcing. The fact that IT services are produced more and more in lower-cost regions means that average prices in the industry are declining. This development is expected to continue for several years. For TietoEnator the telecom sector is the most affected by this development. Infrastructure outsourcing services are always facing an environment of declining prices and here no change is expected.

Vendor consolidation continued at a high level in 2006. Most of the transactions were local or regional in nature. However, a few bigger cross-country moves took place as well. For smaller companies the rationale is often related to getting new customers, reducing overhead costs and increasing the competence mix. For bigger entities, additional reasons for consolidation can be an increase in global presence, a larger scale to meet the requirements of bigger customers, and access to resources in low-cost regions.

Development of customer industries

In 2006 TietoEnator's organic growth clearly improved in some areas, but also declined in others. Banking and healthcare continued to grow at very healthy levels. TietoEnator's infrastructure outsourcing business was the area of strongest improvement in organic growth, marking a total turnaround from the negative figures in 2005. On the other hand, one of the strong growth areas in the previous year, telecom, turned into negative growth territory due to declining prices. As it is TietoEnator's biggest customer industry this naturally had a noticeable impact on the Group's organic growth rate as well.

Banking and insurance

In the banking sector customers have turned to new revenue-generating investments in addition to cost savings. Market activity is at a high level, which is attracting new competitors. The Finnish insurance business was driving growth in partnership services in 2006. TietoEnator's joint venture with several Finnish pension insurance companies, TietoEsy, started operations at the beginning of the year. The banking partnership business is rather stable with some signs of increasing activity. The banking solutions business experienced a very active year with several new implementation projects in progress.

In late 2006 TietoEnator's Banking & Insurance business area announced its new business model and organization for 2007. The changes will make the business a lot more capable of selling and delivering solutions internationally and developing products for the global market.

Telecom and media

In the telecom sector the spending environment has been mostly positive, but prices are under heavy competition. In TietoEnator's telecom business clear price declines took effect at the start of the year. The impact of this was alleviated during the latter part of the year by increased business activity. Some of TietoEnator's operator customers restricted their investments early in 2006, but closer to the year end there were signs that operators were starting to invest in new services.

Consolidation among telecom infrastructure suppliers will reduce these companies' R&D budgets but will also create new outsourcing opportunities. During

2006 TietoEnator's telecom operations accelerated the build-up of an optimal mix of resources on-site close to customers, and off-site in beneficial cost environments.

In the summer of 2006 TietoEnator and Siemens signed an agreement to deepen their co-operation and to transfer switching and migration to next-generation networks from Siemens Communications R&D to TietoEnator. The transaction meant that around 250 employees from Siemens moved to TietoEnator's Telecom & Media business area. About the same time TietoEnator agreed to acquire the majority of the share capital in Polish RTS Networks, a provider of telecom R&D services mainly to Siemens Communications. The acquisition strengthened TietoEnator's R&D expertise and added 110 employees.

In January 2007 TietoEnator recruited 140 people formerly working for the Taiwan based BenQ´s R&D centre in Wroclaw, Southern Poland. The people have previously performed software development and system testing for BenQ in Germany and will now gradually take assignments for TietoEnator´s customers in the telecom R&D area.

At the beginning of February 2007 TietoEnator took over Ericsson's design centre in Aarhus, Denmark with 86 employees. The design centre supplies IP software building blocks used in Ericsson products.

Government

Demand was good in the government sector market though customers' multi-sourcing strategies maintained tough price competition. In May Tietokarhu Oy, the joint venture between TietoEnator and the Finnish Government, revised its service agreement with The Finnish National Board of Taxes to expire in 2016.

In October TietoEnator divested its government business operations in Sweden, Denmark and Norway as these operations had not been part of the company's core business and investing in them would not have been consistent with TietoEnator's strategy. The divested businesses employed about 420 people.

Manufacturing, retail

TietoEnator's manufacturing business performed well and the biggest growth potential is coming from customers' ERP implementations and enhancements. In the retail business customers are implementing cost-saving programmes and are looking for IT-enabled standardization and automation opportunities.

Healthcare, welfare

In the healthcare business demand for new systems was strong during the whole year. Customers' high demand for new functionality and the requirements created by national healthcare IT initiatives slowed down the start-up of many implementation projects and increased development needs. TietoEnator made several smaller healthcare acquisitions in Germany, Sweden and Finland.

Forest, energy

In the forest sector customers have been focusing on cost savings. Their restructuring programmes resulted in increased interest in outsourcing and global sourcing. Sales and decision-making cycles are very long, however, and customers continue to be very cost-conscious.

Outsourcing is increasingly being considered by energy companies as well. Customers in that sector are also looking for cost savings even though their financial situation is strong. The oil and gas business, where customers are focusing on standardization, performed well. TietoEnator entered the utilities area in Germany by acquiring Topas Consulting with 74 SAP experts.

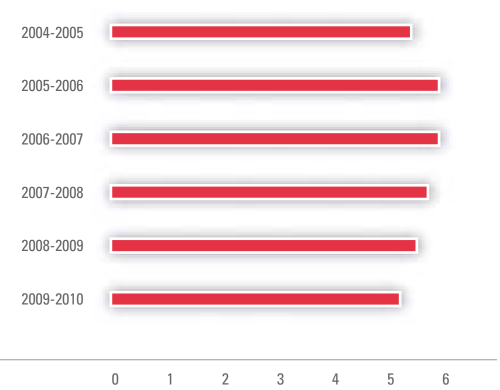
ICT operations management

Market activity in the infrastructure outsourcing business was high. In 2005 TietoEnator was able to close several extensions and renewals of contracts, which provided a good level of growth for 2006. No very big deals were closed in 2006, but the market consisted of a large number of smaller cases. The year's biggest contract for TietoEnator in this area was with StoraEnso on the hosting of its ICT infrastructure on a global basis.

In 2006 TietoEnator invested in the development of offerings that digitalize customer´s business processes in the banking and telecom areas among others. One example of these offerings is e-invoicing, where TietoEnator can provide its banking and financial sector customers a way to manage the pressures and benefit from changes introduced by the Single Euro Payment Area (SEPA).

NORDIC SOFTWARE AND IT SERVICES MARKET

Annual market growth, %



Source: Pierre Audoin Consultants, 2006

Major leap in global sourcing

TietoEnator's resources in lower-cost regions increased from about 1 200 people to 2 000 during 2006. The current number represents 13% of the total headcount, which is a major improvement compared to earlier years. The countries that experienced the highest growth in resources were the Czech Republic, India and Latvia. This development was also supported by acquisitions; TietoEnator added a site in Poland by acquiring RTS Networks.

TietoEnator now has the resources available to offer a mix of high-cost and low-cost resources to any of its customers. Telecom customers continue to lead the field in the adoption of global sourcing, and many others, especially the more international ones are following.

At the same time TietoEnator recognizes the need to speed up the growth of its low-cost resources and has made short-term and long-term plans to guarantee that the optimum mix of resources is reached as soon as possible. Short-term plans include the scale-up of existing sites in the Czech Republic, Poland and India and immediate readiness to open new sites in Eastern Europe. Long-term plans imply opening new sites in existing or additional countries in Eastern Europe and Asia.

TietoEnator's global sourcing strategy is based on a combination of European and Asian sites. European customers are more interested in services provided from European sites. Another benefit of the strategy is lower risk through less dependence on one particular country and market.

Big divestments boost earnings per share

TietoEnator's net sales from continuing operations grew 5% to EUR 1 646.5 (1 570.4) million in 2006. Organic growth improved slightly to 2% (1). The highest growth took place in the banking and insurance customer segment, 23%. The public sector grew 4%, whereas telecom and media declined 6%. Growth in Finland was 3%, in Germany 21% and in Norway 4%. Sweden contracted by 3%. In 2006 Finland accounted for 46%, Sweden for 28%, Germany for 8% and Norway for 5% of net sales.

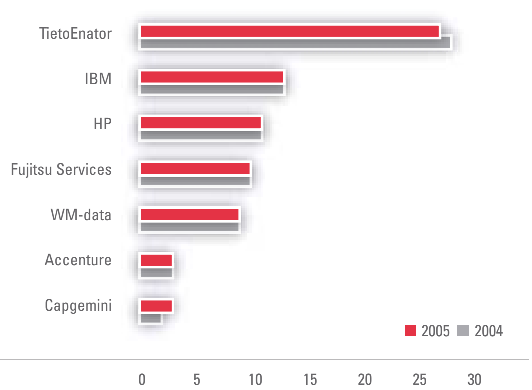
Operating profit (EBIT) from continuing operations before capital gains was lower than the year before at EUR 112.0 (150.1) million. Capital gains (including discontinued operations) totalled EUR 171.7 million. Most of the capital gains are from the divestment of the remaining shares in Personec Group. The shares were sold to Personec's other shareholder, the private equity company Nordic Capital. Personec is a supplier of business support services and solutions, especially for payroll, HRM and financial management. The divestment supports TietoEnator's strategy to focus on selected customer industries and releases resources and capital for international expansion.

High level of dividends to shareholders

TietoEnator's operations generated less cash flow than the year before, but the low acquisition activity and high divestment activity nevertheless contributed to strong cash flow in 2006. The substantial capital gains enable TietoEnator to pay a high level of dividends. The Board's dividend proposal is EUR 1.20 (0.85) per share or a total of EUR 88.3 (64.5) million. Additionally TietoEnator returned EUR 40 million of cash to its shareholders in the form of a share buy-back programme in the autumn of 2006.

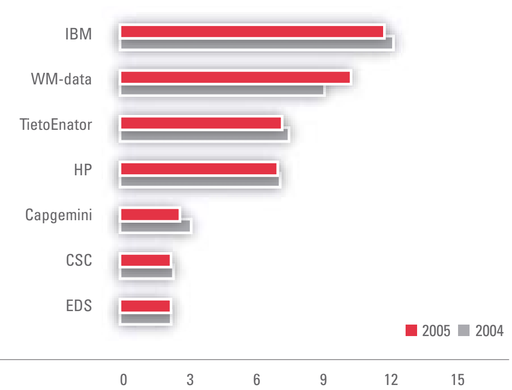
FINNISH MARKET FOR IT SERVICES

Top 7 vendor market share, %



SWEDISH MARKET FOR IT SERVICES

Top 7 vendor market share, %



Source: IDC, 2006

TietoEnator in the UK
Jeff Bowdery *and* ***Ravinder Gill****, Banking & Insurance, standing in front of Mansion House, the office for the Lord Mayor of London.*

PHOTO: DAVID THOMAS

Review of business operations

Structure honed for global expansion

TietoEnator concentrates on business sectors in which it can most effectively leverage its strong expertise to grow and to maintain a sustainable competitive advantage. The company has singled out banking, telecommunications, healthcare and the forest industry as its four international spearhead businesses. For these it produces services through four business areas – Banking & Insurance, Telecom & Media, Healthcare & Welfare and Forest & Energy – which operate in a number of countries on several continents. TietoEnator also serves other businesses in the Baltic Rim area, through another two business areas: Government, Manufacturing & Retail and Processing & Network. In these latter sectors, TietoEnator's market leadership provides vital support for the Group's global expansion. Supplementing the services of all these business areas is the company's Digital Innovations unit and a network of service centres in low-cost countries.

BUSINESS AREAS IN NUMBERS

	BANKING & INSURANCE 2006	2005	TELECOM & MEDIA 2006	2005	GOV., MANUF. & RETAIL 2006	2005
Net sales, MEUR	284	237	542	544	236	239
per emloyee, EUR 1000	129.7	122.8	111.2	125.4	124.1	120.5
Operating profit, MEUR	20	23	39	70	18	22
Margin %	7.1	9.8	7.2	12.9	7.6	9.1
per employee, EUR 1 000	9.2	12.1	8.0	16.2	9.4	10.9
Full-time employees (average)	2 189	1 930	4 869	4 336	1 904	1 982
Full-time employees (Dec 31)	2 193	2 070	5 107	4 781	1 532	1 997
Share of net sales 2006	16%		31%		14%	
Share of operating profit 2006	15%		28%		13%	

	HEALTHCARE & WELFARE 2006	2005	FOREST & ENERGY 2006	2005	PROCESSING & NETWORK 2006	2005
Net sales, MEUR	144	131	161	160	374	345
per emloyee, EUR 1000	119.3	128.2	128.5	123.1	189.2	170.2
Operating profit, MEUR	13	17	8	14	39	29
Margin %	8.9	12.9	4.9	8.4	10.5	8.3
per employee, EUR 1 000	10.6	16.6	6.3	10.4	20.0	14.1
Full-time employees (average)	1 208	1 020	1 251	1 303	1 979	2 028
Full-time employees (Dec 31)	1 295	1 107	1 286	1 279	1 966	1 977
Share of net sales 2006			9%		21%	
Share of operating profit 2006	9%		6%		29%	

The vision of the Banking & Insurance business area is to become a leading provider of high-value-added IT services and solutions to banks, insurance companies and financial services providers in selected markets. In order to reach this vision and its goals, the business area needs to grow aggressively outside the Nordic countries while cementing its position in the Nordics against very aggressive competition.

Banking & Insurance

Customers focus on new revenue-generating investments

Market activity in 2006 was at a high level in the customer industries of Banking & Insurance. At the same time, competition is becoming more aggressive. Banking & Insurance progressed quite well in expanding its operations outside the Nordic countries, winning several important customer projects in the United Kingdom, continental Europe and outside Europe with its core Banking, payment and card suites. The Financial Solution Business developed well in Finland and Sweden, and the partnership services business progressed very favourably in Finland.

Continued IT investments to improve competitiveness and efficiency

The overall economic situation in many European countries has improved. Different trends can be seen affecting customers in the banking and insurance industries. Increasing competition, maintaining efficiency and growth, and fulfilling the regulatory and end-user demands are issues that have high priority when decisions related to the development of information technology are made.

TietoEnator estimates that several European banks will replace their core systems during the next 3-4 years. Self-service functionality and a multi-channel approach will also play an important role in IT decisions. The increasing role of wealth management and peoples' growing interest in financial future planning will have an impact on decisions related to banking, life insurance and investment management IT.

Banks, insurance companies and financial services providers are expected to continue their investments in IT services and solutions to become more competitive and efficient. TietoEnator plans to provide both its current and new customers with best-of-breed solutions to make them more successful in their business.

Proactive approach to offering development

During the next few years, Banking & Insurance aims to gain a significantly stronger foothold in Europe while maintaining its solid position in the Nordic countries. Competition within the customer industries will be stiffening – new players with new concepts are coming in while global banks are being established through consolidation.

In order to reach its goals, Banking & Insurance must be proactive with its offering management and development to be able to offer solutions to global banks and customers with new innovative business ideas. Its strategy is to stay competitive in the Nordic countries with its full service offering and partnership relationships and to enter the European markets with its global solutions – core banking, e-banking, cash management, payments and cards. In addition, it will need to build a strong international sales force to be able to serve its existing customers while at the same time offering attractive and innovative IT solutions to potential new customers.

Internet banks all over the world

The new-generation bank portal which TietoEnator Banking & Insurance developed for Nordea Bank has been sold all the way to Africa. In Europe one of the newest clients for the e-banking solution is the pan-Nordic credit card company Entercard.

The TietoEnator eBanking Suite is a solution family containing packaged portal front-ends for retail and corporate customers and value-adding e-banking services, all built on our secure and scalable multichannel platform.

The eBanking Suite next-generation product family enables banks to offer their customers a secure, personalized window to e-banking services and their current financial situation.

Banking & Insurance

- Provides high-value-added IT solutions and services in the banking, financial services and insurance sector.
- Is expanding globally by offering frontline software solutions and related system integration and partnership services.
- Operates in its home market, Northern Europe, in close partnership with its customers.
- A continuous pioneer and innovator in its sector, e.g. creator of the world's most advanced digital banking and insurance solutions.

Products and services

- Global solutions; include core and eBanking solutions, payment and card solutions
- Development, maintenance and integration of information systems
- Partnership services; include renewal of core systems
- Outsourcing services

Markets

- Serves more than 400 customers in 14 European countries
- Europe's leading provider of IT services and solutions to the financial services industry
- Examples of customer relationships deepened during the year:
  Handelsbanken
  IF Insurance
  Ilmarinen
  Nordea
  Rabobank
  Royal Bank of Scotland
  Sampo Bank/Danske Bank

Cash management solution for Rabobank

TietoEnator is in the process of implementing a new cash management solution for the Dutch banking group Rabobank which will radically simplify the cash management processes for the bank's corporate customers. At the same time it will give the bank a more versatile offering, while ensuring that the quality of services improves without risking productivity.

The new solution will enable Rabobank to offer a range of innovative and complex cash management products to their corporate customers including 24/7 service available through a web-based service. With better control of their liquidity on a minute-by-minute basis, even across borders and various time zones, corporate customers will be better able to make critical business decisions and act on new opportunities quickly.

The delivery to Rabobank includes the cash management module of TietoEnator's Core Banking Suite as well as the eBanking Suite net bank solution. The agreement covers implementation of the project, the licence for the solution, services and application management including 24/7 support.

2006 was a challenging year for Telecom & Media owing to tough price competition in the telecom sector, and the business area did not reach its growth targets. In a strategic sense, however, the year was a positive one. Telecom & Media strengthened its market position to rank as the leading supplier of telecom development services in Europe following the co-operation and outsourcing agreement reached with Siemens in the summer. This creates a firm base for further expansion also outside Europe.

Telecom & Media

Going global

Competition in the telecommunications sector is intense, creating pressure on prices that requires telecom companies to cut costs and develop new services and modes of operation. This trend offers IT services providers the opportunity to help customers raise their business efficiency and create IT solutions for new services. At the same time these providers also need to accelerate their use of resources in low-cost countries. Consolidation among communications technology suppliers continues to be strong, cutting back the R&D budgets of these companies but simultaneously creating new scope for outsourcing.

Teleoperators, faced with extremely tough price competition in recent years, are responding by expanding their role in the telecom sector. The Nordic market, Finland in particular, is showing signs of recovery and companies are moving from competing purely on price to differentiation through services. This is making it necessary for teleoperators to continue investments in new technology while at the same time raising efficiency. In central Europe the drive for greater efficiency is only just beginning.

Stronger presence in Central Europe

Telecom & Media succeeded in its goal of strengthening its position in Central Europe during 2006. Especially notable in this context was the agreement signed with Siemens in the summer to move certain R&D operations from Siemens Communications to TietoEnator. These operations cover the replacement of earlier technology together with migration to next-generation networks. This project both broadens and deepens the collaboration enjoyed by the two companies for years and makes TietoEnator the clear leader in European telecom R&D services.

The business area also made greater use of resources in low-cost countries in its production in response to the cost pressures faced by its customers. In addition to utilizing TietoEnator's own software centres to a greater extent, this also included acquiring a majority holding in Polish telecom R&D services provider RTS Networks Ltd, giving Telecom & Media added capacity in low-cost countries. In 2006 10–15% of Telecom & Media's production destined for high-cost countries took place in low-cost software centres.

One of the year's priorities was for Telecom & Media to develop its offerings concentrating on those competence areas giving the strongest competitive edge. TietoEnator's product and service offerings must be strong and extremely precisely defined especially in the international marketplace, where the company is less well-known. Telecom & Media's principal competitive strength and differentiating factor is its knowledge of the entire telecommunications value chain from manufacturing to teleoperators and the media. A good example of a service combining the different parts of the value chain was the agreement reached in October on the transfer to TietoEnator of Finnish mobile operator DNA's value-added telecom services. TietoEnator will in future be responsible for DNA's mobile content services and the two companies will also work together in the development, merchandising and production of new services.

Global growth through solutions business

Demand for IT services in the telecom business is expected to continue growing because in the future production and services in this sector will be based entirely on information technology. Price pressure among global competitors will remain intense, however.

Telecom & Media's target is to strengthen its position also outside Europe. The business area is well positioned to succeed in this task as Europe's leading telecom R&D services provider with customers including leading global

CASE TELECOM & MEDIA

Short-number services for TeliaSonera

During 2006 TietoEnator participated in several development projects for Nordic telecoms operator TeliaSonera to help in the design and deployment of short-number services in Sweden. TeliaSonera offers short-number services to authorities and companies.

The best known short-number services are 11414 and 1177. Dialling 11414 will automatically put the caller through to the nearest police authority round the clock. The new phone number and call centre solution considerably increase the capacity of the police for taking calls from the public, and people only need to remember one number wherever they are.

1177 is a short-number service used to get medical advice. From anywhere in Sweden, people calling 1177 are connected to the nearest medical care centre. The advanced call routing also ensures that the call waiting time is reduced. In this service, TeliaSonera's customer is the Federation of Swedish County Councils.

Telecom & Media

- Provides high-value-added IT services to leading telecom operators, equipment manufacturers and media companies.
- The largest European supplier of R&D services to the telecom industry.
- Works in close partnership with its customers.

Products and services

- Product development services
- Systems development
- Integration and maintenance services
- Methods and tools
- Consulting

Markets

- Operations in 15 countries including Asia. Main market area is Europe
- Collaborates globally with international customers.
- Six largest customers: Alcatel, Ericsson, Nokia, Siemens, Telenor and TeliaSonera

companies in the field. India and China are particularly important target markets for Telecom & Media because its current key customers also operate actively in those countries. Initially, the business area will offer local services to its European customers in these markets but a longer-term goal is to expand the customer base to cover local companies as well.

Telecom & Media is building a platform for international growth by progressing from service provider to solutions provider, by focusing single-mindedly on customer relationship management and sales management, and by raising its profile outside the Nordic countries.

Healthcare & Welfare's most important priorities during 2006 were digitalizing care processes and enhancing its patient record and customer information systems. The business area's goal is to offer solutions that support productivity, efficiency and quality. Consistent with its strategy, Healthcare & Welfare has expanded resolutely and today is one of Europe's top-ranking healthcare names. In the Nordic countries TietoEnator is the leading provider of IT systems for healthcare and welfare services.

Healthcare & Welfare

Building seamless care and service chains internationally

The healthcare and welfare sectors are confronting major challenges. Hospitals around Europe are renewing their outdated core systems, digitalizing their processes and building seamless care chains. The Nordic countries are moving towards regional and even national solutions designed to help social welfare and healthcare services work hand in hand. Service providers are consolidating into larger organizations and collaboration is also increasing between the public and growing private healthcare sectors. Larger organizations and highly integrated information technology systems often also call for new forms of co-operation between IT providers and the development of common standards.

TietoEnator has purposefully developed its solutions to meet market needs. The Healthcare & Welfare business area supports its customers by digitalizing service processes and by promoting seamless care chains and co-operation between the various parties involved. The principal development priority has been to ensure the high quality of information while keeping people firmly in focus: making information technology serve patients, citizens and service providers in the optimal way. In addition to core systems TietoEnator has also developed innovative self-service and mobile solutions to help welfare and healthcare services run more smoothly.

In the welfare sector, care for the elderly is growing in importance as the proportion of older people in the population increases. Care is based on the principle that the elderly should live at home for as long as possible. Information technology can support this aim for example through uniform care and service plans and the use of mobile technology. TietoEnator is enhancing its elderly and homecare solutions through participation in a number of multinational projects. Efficiency and service quality are improved when the various parties responsible for caregiving have up-to-date information on what needs to be done.

Foothold in Europe strengthened

TietoEnator's market share and market presence increased during the year and the company moved on from its role as the leading IT provider in the Nordic healthcare sector to establish itself as an IT services provider of international standing. Healthcare & Welfare's priorities were integrating the companies it had acquired in the previous year, developing and strengthening its organization, intensifying sales, and making further acquisitions.

Waldbrenner AG, a German company specializing in patient administration systems, became part of TietoEnator at the beginning of January. Two companies were acquired in early October: Cymed AG in Germany, an expert in hospital information solutions and hygiene software for hospitals and laboratories, and Laps Care AB in Sweden, whose focus is IT support for resource optimization in elderly care, homecare and home nursing. A further acquisition was Quickclic Finland Oy's welfare and healthcare business, which concentrates on interactive and wireless communication services.

Sights set on sharper competitive edge

Restructuring in the healthcare sector and the digitalization of services are expected to drive an increase in healthcare information technology investments in Europe of more than 10% a year. TietoEnator will further strengthen its position as one of Europe's leading IT healthcare services providers.

Healthcare & Welfare continued to develop and expand the service centre in India during 2006. The aim is to find an effective and competitive operating model that would combine TietoEnator's local operations and expertise in different countries with its offshore resources in India in the optimal way.

Healthcare and welfare services are sectors in which citizens will be able to benefit extensively from self-service and mobile technology in the years ahead. Examples include searching for services, making appointments, renewing prescriptions and monitoring their own care histories. With solid experience in the banking and telecom businesses, TietoEnator brings strong expertise and vision to the development of these services.

Innovation prize for TietoEnator's healthcare solution

Digitalization of Clinical Pathways, a co-operation project involving the Bundesknappschaft Hospital in Bottrop, Germany and TietoEnator, has been awarded the VHitG Award for the best IT solution in the German healthcare market. The solution supports the development and optimization of patient care processes.

By leading to targeted diagnostics and optimized treatment processes, the solution reduces patient stays by 0.5–0.8 days. Assuring consistently standardized treatment, it also helps to reduce unnecessary diagnostic exams. Together these improvements increase the quality of treatment and patient satisfaction. The minimum potential annual cost reduction for the hospital is estimated to be 500 000 euros.

Healthcare & Welfare

- Supports its customers by digitalizing their service processes and promoting the creation of seamless care and service chains.
- 40 years of experience and more than 1 200 experts for healthcare and welfare IT services in seven countries: Netherlands, India, Norway, Sweden, Germany, Finland and Denmark.

Products and services

- Comprehensive product families for hospitals, primary healthcare, laboratories, dental care, private medical clinics, homecare, social services and education
- Complete services based on customer-specific partnerships
- International repeatable products adaptable to local needs

Markets

- Main market area Europe, customers in eleven countries
- Leading provider in the Nordic countries, among largest providers in Europe

Largest customers:

- Norway: Central Region Health Authority, Southern Region Health Authority, Oslo Municipality
- Sweden: counties of Skåne and Stockholm, the City of Stockholm
- Germany: Rhön Klinikum AG and Bundesknappschaft
- Finland: Medi-IT Oy, Helsinki and Uusimaa Hospital Districts, the City of Espoo
- Denmark: The Capital Region, Region South, National Board of Health

Forest & Energy provides high-value-added IT services for the forest, oil & gas and utilities industries. The business area develops IT systems covering its customers' entire value chains, from procurement to customer relationship management. In 2006, there were important developments in all of the business sectors of Forest & Energy that open up new opportunities for it.

Forest & Energy

The strategic IT partner of leading global companies

As a global solutions provider with more than 50% of its employees working outside Finland and Sweden, Forest & Energy is the most international of TietoEnator's business areas.

Driving force for forest business innovations

TietoEnator is the global leader in IT solutions for the forest industry, and most of the world's largest paper and board companies are its customers. The company's success in the forest sector is based on a combination of long-term partnerships with its key customers and innovative repeatable solutions that are sold globally. TietoEnator holds a strong position in Europe, North America and Asia, and is focusing its expansion efforts on the growing South American and Russian markets.

There is still overcapacity in the forest sector, both in North America and in Europe, but TietoEnator has been able to benefit from the industry restructuring by creating new demand for IT systems. Restructuring programmes have also resulted in increased interest in outsourcing.

TietoEnator is participating in a large EU research programme concerning wood traceability. This aims at improving the use of wood and optimizing forest production throughout the value chain, while simultaneously minimizing environmental impacts. TietoEnator's role is to develop software components and solutions for improved information management. It also has a leading role in the implementation of the research results. TietoEnator's understanding of the entire value chain of the forest industry places it in an excellent position to develop and utilize new innovations for the benefit of the whole industry.

Leading provider of hydrocarbon accounting solutions

In the energy sector, TietoEnator has a strong position in the oil & gas business due to global frame agreements with major oil and gas corporations. It is the world leader in hydrocarbon accounting solutions for global oil and gas companies, and among the leading solution providers for the emerging liquid natural gas industry.

A report published in 2006 by Energy Insights, an IDC company, confirms TietoEnator's position as a leading provider of hydrocarbon accounting solutions. Hydrocarbon accounting is a term used to describe how the ownership of gas and oil is determined and tracked from production to sales. TietoEnator's hydrocarbon accounting solution portfolio, Energy Components, monitors oil and gas flows from reservoir to payment and handles very complex hydrocarbon accounting needs. Companies including ExxonMobil, BP, Shell, ConocoPhillips, Chevron and Statoil rely on Energy Components solutions in their installations around the world.

Automatic meter reading the big driver for utility industry

In the utility sector, TietoEnator has a leading market position and a large customer base in the Nordic countries. The company's global growth strategy in this sector begins with expansion into Central Europe. In 2006, TietoEnator strengthened its capabilities to serve utilities in Europe by acquiring the business of TOPAS Consulting GmbH in Germany. The acquisition supports the company's SAP knowledge and extends its customer base with important European utilities.

The whole utility sector will be undergoing major changes in the years ahead. The development of automatic meter reading and management will play a major role in this. The entire value chain from meter reading to cash will be fully digitalized, and energy consumption invoicing based on real measurement values instead of estimates will gradually become mandatory. In Sweden and Italy, legislation is setting the pace for the full deployment of automation by 2009, resulting in a clear demand for a turnkey provider with end-to-end capability and the sustainability to carry out large infrastructure projects.

In 2006, TietoEnator and Ericsson Enterprise embarked on strategic co-operation in the fields of automatic meter reading and management. The co-operation will result in the creation of a full end-to-end provider of automatic meter reading and management solutions. The joint offering will be available to the global utility market.

Market outlook positive

After partially disappointing growth and profitability development in 2006, the market outlook for Forest & Energy looks positive in all of its customer industries. In the forest sector, demand in Central Europe and North America has improved. The new markets, Asia, South America and Russia, are starting to invest in advanced information technology solutions. The Forest unit has completed major product development projects and is ready for increased demand.

Forest & Energy continues to develop the operations of its competence centres in the Czech Republic and Malaysia.

CASE FOREST & ENERGY

Stora Enso takes command of the supply chain

To further increase its efficiency and improve its business, Stora Enso needed a common Enterprise Resource Planning system to be used throughout the group's different units. The Fenix ERP system, developed by TietoEnator specifically for Stora Enso, allows information sharing on a common platform.

With the help of the Fenix system, the operational overview is considerably more transparent both on unit and group levels, giving Stora Enso better information for analysis and planning. Ultimately, decisions can be made faster and more accurately than before.

Stora Enso's entire sales operation is covered by the Fenix system, allowing the company to follow orders from A to Z. Budgeting, sales and production plans, price lists, forecasting and invoicing are all handled by the system.

With Stora Enso's interface, PartnerWeb, the group's customers can gain easy access to track their orders. This increases the level of self-service considerably.

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
- Leading solutions for the utilities industy
- Globally leading products for hydrocarbon accounting
- IT services for oil&gas companies

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 IT supplier to both electricity and oil & gas companies. Has a leading position among Nordic electricity companies.
- Five largest customers: Fortum, Shell, Statoil, StoraEnso, UPM

Government, Manufacturing & Retail operates in the Baltic Rim area offering its customers a complete portfolio of IT services. Development of these services over the next few years will be guided strongly by the rapid growth in demand for digital services and their increasingly diverse application.

Government, Manufacturing

Comprehensive IT services for customer's total value chain

Government, Manufacturing & Retail's business operations are founded on a deep understanding of its customers' businesses, key customer strategies and the use of products supplied by global technology leaders. Enterprise resource planning (ERP) systems form a core element of this business area's offering.

Demand for IT services is growing steadily in the manufacturing industries, where customers are giving priority to enhancing supply chain efficiency. TietoEnator solutions and services enable customers, among other things, to improve their ability to forecast demand. A central goal is to keep processes running efficiently.

This calls for system integration as this improves operational transparency, helps to remove process bottlenecks and speeds up delivery times. Broadening the scope of IT services and solutions to cover industrial services helps customers to expand their business operations.

Changing consumer behaviour guides service development

In the retail business, development of TietoEnator's solution and service offerings is being guided increasingly strongly by the rapid adoption and proliferation of digital services. When developing IT services for the needs of retailers, greater focus is being given to the consumer's perspective in sourcing products and services; the aim is to use digital services to make it as easy as possible for the consumer to find and buy products and services, and to compare prices and quality.

A similar trend is evident in local and central government: the needs of citizens and organizations is determining how various service chains are being digitalized. Digital services are being developed with two main purposes in mind: to produce services that cross organizational boundaries both within administrations and in co-operation with other parties; and to ensure more flexible, shared use of existing information.

A year of streamlining

In line with its strategy, TietoEnator is focusing on organic growth and raising profitability. Government, Manufacturing & Retail's approach to reaching these goals is to concentrate on its key customers and build up a portfolio of high-value-added services. Since the Government Services units outside Finland were only at the initial phase of partnership development, TietoEnator sold these units to Sirius IT in October 2006.

TietoSaab Systems, a joint venture company set up by TietoEnator and Saab, began operating in February 2006. This company supplies command and control services to defence forces and the civil security sector.

The service agreement with Tietokarhu Oy, a joint venture between the Finnish ministry of finance and TietoEnator, was revised in May.

Competitive edge through strong industry know-how and cost-efficiency

Demand in all the areas served by Government, Manufacturing & Retail is expected to remain at a good level but price competition will continue to be intense. The business area is broadening its global sourcing in order to raise cost-efficiency, using mainly TietoEnator's service centres in the Baltic countries and in Ostrava, Czech Republic. Construction of an SAP centre was started in Ostrava during 2006.

Besides increasing cost-efficiency, the business area will continue to give top priority to maintaining its strong expertise and close customer relationships in the three areas of government, manufacturing and retail, as well as developing innovative new solutions and services for the evolving needs of its customers. Application Service Management (ASM) is taking a more prominent role in the business area's operations. Ensuring the availability and on-going development of services throughout their lifecycle calls for a deep level of expertise and the ability to respond to customers' differing service needs. The systems developed in close collaboration between TietoEnator and its customers support selected core operations seamlessly. They provide uninterrupted operation throughout their service lives, and also function as required even when circumstances change.

Both the retail and manufacturing industries are expanding internationally. Many enterprises are especially interested at the moment in the Baltic countries and Russia. TietoEnator, likewise, is growing internationally in pace with its customers' needs, serving them in all their markets.

& Retail

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: Kesko, Ruukki, S Group, the Finnish Vehicle Administration and the Finnish National Board of Taxes

CASE GOVERNMENT, MANUFACTURING & RETAIL

Palkka.fi – a one-stop solution to employer obligations

Palkka.fi is an internet service run by the Finnish tax administration that helps small employers handle their complex statutory obligations in the simplest possible way.

When paying wages and salaries, employers must also take care of a host of other obligations like accident insurance, unemployment insurance and occupational pension payments, and pay-as-you-earn deductions. The task has been a burdensome one, but since February 2006 it has been made a lot easier by palkka.fi, a free and universally available internet service. When a small employer sits down to make the wage payments, they can also take care of all the other matters related to wage payment during the same internet session, from withholding tax at source to paying pension insurance contributions. The user can also save their archives, book-keeping and employee register in the same service assured of complete data security, using for example their online banking code.

Palkka.fi is at the cutting edge of the e-taxation and e-government projects currently underway in Europe. Working alongside the National Board of Taxes in this project have been pension and insurance companies, banks, several ministries and TietoEnator.

Processing & Network remodelled its services and refined its working processes during 2005, creating a competitive and cost-effective service model for managing its customers' information systems. The new model resulted in substantially improved growth and profitability for the business area in 2006.

Processing & Network

Dynamic growth ahead

Working closely with its customers, TietoEnator aims to develop new sales-generating digital services for them. At the same time, as competition intensifies and the market matures the company must continuously become more cost-competitive.

The service model adopted by Processing & Network also supports the Group's strategy by spurring improvements in customer service, and by raising service quality and efficiency.

Competitive edge sharpened in all areas

Processing & Network's competitive strength lies in outstanding customer service, operational efficiency and a leading portfolio of services. Action was taken during 2006 to further enhance all these areas. The strong competence centres established in the Nordic countries were ramped up to full-scale operation and these are now geared to offering customers top quality locally.

A major part of the 24/7 services and IT systems supervision previously handled by Processing & Network was moved to the Ostrava Software Centre in the Czech Republic to increase cost-efficiency and provide an even broader round-the-clock service. The service centres in different countries have been interlinked to ensure that customers will always receive TietoEnator's best expertise and service.

The business area's service portfolio was expanded during 2006 with the addition of capacity services. Covering processing, data storage, network management and printing, these services offer customers a new way of obtaining capacity for their business application needs. Customer needs are, or course, carefully mapped but the capacity services ensure that as situations change capacity can be increased or reduced flexibly. The use of different types of capacity are measured and invoicing reflects actual use.

TietoEnator and Nokia expanded their collaboration in the wireless mobility business in 2006 with the launch of next-generation mobility services for enterprises. The new services move beyond providing wireless e-mail, calendar and device management capabilities to focus on improving return on investment (ROI) from enterprise system investments through better productivity; as employees and systems become more accessible, the operative responsiveness of the entire organization increases.

The new service is part of TietoEnator's Digital Workplace management concept, a turnkey solution that provides everything needed for modern desktop management, such as terminals, applications and services, to enable people to use their business systems and data anywhere, anytime. Another example of this concept is the agreement in 2006 between TietoEnator and the Finnish Customs on the renewal of the Customs' office workstations and service infrastructure.

In 2006 Processing & Network also gave high priority to sales. With demand buoyant throughout the year, the business area reached a distinctly better level of sales growth and profitability.

Full responsibility for the customer's business process functionality

Demand for ICT infrastructure management services in the Nordic countries is good. In 2006 the market tended to favour a large number of smaller outsourcing cases rather than big one-off transactions, a trend which is expected to continue during 2007.

As it further enhances quality and customer service, Processing & Network is also concentrating on implementing its new Application Service Management (ASM) service concept whereby Processing & Network, together with the industry-specific business areas, provides a single service package to TietoEnator customers that ensures uninterrupted infrastructure operation by anticipating and preventing error situations. Demand for this type of service is already considerable and is expected to remain high in the future.

CASE PROCESSING & NETWORK

IT operations for OMX's Banks & Brokers business

OMX owns and operates securities exchanges in the Nordic and Baltic region, as well as developing and providing technology and services for the securities industry around the world. OMX and TietoEnator have made an outsourcing agreement on the IT processing services of OMX's Banks & Brokers business. As much as 30–35% of all transactions at the Stockholm Exchange pass through the securities processing system covered by the agreement.

The core of the securities processing system runs in an environment different from other OMX environments, which increases its vulnerability to risks and makes it harder to achieve economies of scale. By outsourcing these services to TietoEnator, OMX was able to decrease the cost of its IT operations and support and simplify its IT environment. TietoEnator also ensures a sustained level of service excellence in terms of performance, availability and security.

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 selected customer industries. Processing and network services are 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: If Insurance, Kesko, Sampo, TeliaSonera and the City of Stockholm

The Digital Innovations unit develops the consumer services needed by TietoEnator's customers hand in hand with TietoEnator's vertical business areas. The main customer sectors are banking and insurance, telecommunications and healthcare. Specialized in examining solutions from the end-user's perspective, Digital Innovations designs easy-to-use multichannel services for the needs of the consumer. Its solutions enable sales to function seamlessly together with different service channels, such as e-services, and phone and personal services.

Digital Innovations

Consumers drive change

The business sectors leading digitalization in the Nordic countries – banks, teleoperators and healthcare, for example – have developed and launched solutions that have rapidly mobilized consumers to adopt a wide range of online services. Digital Innovations, a leading developer of such services, combines Nordic expertise in digital self-service in a variety of ways, for example with central European know-how in building phone services.

Consumers are already accustomed to using online services and have learnt to trust them. Increasingly, consumers are requiring all digital services to be similar in format and easy to use. In 2006, market requirements also clearly spurred the development of corporate services in this direction. A case in point is the banking and insurance sector for which Digital Innovations has produced multichannel services for e-invoicing, for document storage and presentation, and for integration between enterprises and banks.

TietoEnator forecasts that seamless compatibility between online services and service channels will rapidly increase in the next few years. When choosing a service provider, consumers will increasingly have digital services and their ease of use in mind.

For Digital Innovations, 2006 was a year of strong international expansion. In Germany, for example, the unit has been contracted to update mobile phone operator O2's entire customer service platform. The new IP contact centre suite will enable customers to contact O2's customer service around the clock through any medium.

Working closely with TietoEnator's vertical businesses, Digital Innovations is promoting synergies throughout TietoEnator and accelerating the development of digital service solutions that cover all aspects of a customer's business.

Services and solutions

- Customer service and digital self-service
  - Self-service
  - Phone services
- Banking and insurance
  - e-invoicing
  - Document storage and presentation
- Content management
  - Search technologies
- Corporate data storage
- Project management
- Business, architecture and technology consulting

CASE DIGITAL INNOVATIONS

A centralized multichannel management platform for T-Mobile Germany

With over 30 million customers T-Mobile is the leading mobile service provider in Germany. From its inception, the company has developed a strong customer focus and organized its service consistently across all communication channels and the entire company.

T-Mobile Germany and TietoEnator have together developed a centralized multichannel management platform, integrating the front and back offices into T-Mobile's customer service. Integrated IT-supported workflow functionality was a decisive tool for the desired efficiency and productivity gains. This solution has become a work tool for almost all customer service employees at T-Mobile Germany. Customer requests can now be handled quicker, at the best possible point, automatically, and at a guaranteed and controllable service level for all channels.

Globalization of IT services production continues to increase strongly along with consolidation in the IT sector. 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 too is concentrating its software production in low-cost countries while building a production chain that combines cost-efficient production with the deep market and industrial expertise of TietoEnator's business areas.

Software Centres

Software production cost-effectively

During 2006 TietoEnator made further investments in software production centres in low-cost countries and at the end of the year had production operations in several European and Asian countries. These units employed some 2 000 people at the year end.

Examples of TietoEnator's production centres and their scope of service:

- Ostrava, Czech Republic (information systems/ information technology services, solutions development, processing and network services)
- Pune, India (solutions development)
- Riga, Latvia (card management systems, Oracle ERP competence centre)
- Vilnius, Lithuania (government systems, SAP, Navision and Axapta competences)
- Szczecin, Poland (product development services for the telecom sector)

Services for all business areas

TietoEnator is able to flexibly exploit the different competences and cost structures offered by its production centres in various countries. In this way the company can provide the best services for each situation and need. The software centres in Europe, for example, provide high-quality production services cost-effectively for European customers, whereas the software centres in Asia are geared to serving global customer enterprises as well as TietoEnator's own product development. Maintaining software production in a number of countries is also good risk management; it reduces both operational risks and the risks associated with the availability of skilled labour.

The services offered by the global service centres are integral to all TietoEnator's offerings and cover all services that can be produced and distributed over digital networks. This total service concept – from product development and testing, to production and user support – is a significant competitive advantage for TietoEnator. All TietoEnator's business areas utilize the services of the service centres. The result is to give them a sharper competitive edge and release resources to produce high-value-added services.

Demand for decentralized development services is expected to continue to grow and TietoEnator is committed to offering its customers the full potential of global production. The company has set itself the long-term objective of having roughly 40% of its total workforce in low-cost countries.

PHOTO: VENKAT IYER

Towards one TietoEnator

To increase global competitiveness

TietoEnator positions 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, it needs to move higher up in the value chain and simultaneously differentiate itself from its competitors.

The increasing global competition and price pressure in the IT services market call for a sharper focus in TietoEnator's service offering and stronger synergies between its business areas. In response to this challenge TietoEnator is harmonizing its operating models, processes and services globally, taking measures to improve its efficiency and working on a process to create a powerful and distinctive brand for the company. These activities are described in more detail on the following pages.

TietoEnator in India
***Nafisa Kapur**, **Antonette D'Costa** and **Uday Hule**,*
India Software Center, in the centre of Pune, which is located in the Indian state of Maharashtra.

TietoEnator's strategic focus areas for 2006 included raising organic growth and profitability, speeding up global sourcing and energizing the organization by management rotation. These issues set the framework for the development processes planned and implemented by the human resources function.

Globalization challenges

human resources development in new ways

During 2006, the number of TietoEnator employees in low-cost countries almost doubled from 1 200 to around 2 000, and the figure will continue to grow fast in the years ahead. This trend has brought new needs and challenges to TietoEnator's human resources work.

The competence centres in the low-cost countries need to attract, recruit and retain the best people at suitable costs in order to facilitate their rapid growth. In some countries, like India, they are doing this in fierce competition for the best talents.

To be competitive, TietoEnator must make sure that its competence centres have access to the relevant processes for employer branding, recruitment, employee satisfaction surveys, and competence and career development – all with high quality. The compensation and benefits policies, likewise, need to be globally streamlined, and the processes required to transfer knowledge, people and the corporate culture to and from the global sourcing sites and other countries must work smoothly. During 2006, steps were taken and a prioritized time plan for further activities was drawn up to accomplish these tasks.

Supporting people in change

TietoEnator set up a new service, Talent Centre, for managers and employees at the beginning of the year to help with talent inplacement and skills transfer in Finland, Sweden and Norway. The purpose of this service is to support TietoEnator's employees in change, as well as to ensure the availability of the competences needed in the company for the years ahead.

This kind of service is of particular importance now that TietoEnator is actively developing its global sourcing practices. While production is being concentrated in low-cost countries, the company's resources and skills needed in high-cost countries are increasingly concentrated in the production of higher-value-added services. In many cases, this creates a need for talent inplacement and skills development.

The service offered by Talent Centre comprises five steps:

- Collecting information and analysing business and competence needs, for both the long and short terms.
- Matching employees to jobs within other parts of the company by helping them apply for open positions.
- Providing inplacement counselling for employees and their managers – this may include analyses and tests.
- Arranging skills transfer for employees when skills development is needed. The need for skills development is assessed by managers.
- Producing reports and follow-up.

Talent Centre has helped dozens of employees; some have found a new temporary or permanent position within the company, while others are currently being recruited or are undergoing training. In 2007, Talent Centre services will also be offered in Germany.

Learning paths to reach strategic goals

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

Top management training with IMD, one of the top-ranked business schools in the world, continued successfully. In 2006, this one-year programme focused strongly on organic growth through the development of TietoEnator's offering portfolio. 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 first-line manager training scheme is implemented on a national level in all of TietoEnator's major operating countries. In 2006, a new Leadership programme was started on an international and national level in the biggest TietoEnator countries. This programme aims at developing leadership skills to improve the ability of managers to motivate and get the best potential out of their people.

Project management training has been made systematic 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 categories from basic to the most advanced. Certification is recommended for all categories.

With increased organic growth now a priority for TietoEnator, the company has recognized the need to develop a more proactive and systematic approach to sales. To that end, a TietoEnator-wide sales professional learning path was launched in 2006 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 to attract the right people to sales positions by improving the status of sales professionals.

The formula for good leadership

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. Both excellent management and strong leadership are needed for reaching the desired growth and profitability goals in TietoEnator's increasingly demanding internal and external conditions.

In 2006, an extensive process was initiated to define and develop good leadership. The development work began by determining exactly what good leadership means in TietoEnator. A formula for good leadership was defined to give employees a deeper understanding of good leadership and to build a common foundation for a strong leadership tradition. In a nutshell, good leadership means supporting the employees, and helping them to grow and perform at their best.

Along with the financial track record, leadership qualities are also increasingly important in assessing management potential and appointing managers. To be appointed to a managerial position, a person must have good leadership qualities. Managers with poor leadership indices have been identified and will be helped to develop their leadership potential. Leadership performance will be monitored constantly, and some leadership related reward factors are under consideration.

LEADERSHIP AND MANAGEMENT

Competence and performance management through BRIDGE

TietoEnator's competence and performance management is based on a process called Business Driven People Management (BRIDGE). This process provides a comprehensive approach to facilitating growth through individual target setting, support and feedback. It establishes a common platform for supporting employees' performance and competence in a structured way in alignment with the objectives of the organization.

The cornerstone of the process is the development discussion between every employee and his or her immediate manager. Over 80% of TietoEnator's employees had a development discussion in 2006. For managers, BRIDGE is a tool that helps them identify, manage and develop their employees' performance. Managers have received training in coaching for performance, and this training will continue.

The scope of management planning broadened

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

All managers in TietoEnator form one common pool of talent. On the basis of a Group-wide management planning database, potential candidates for top management positions as well as early career potentials are regularly discussed and specific action is taken to develop the identified potential top managers. 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.

The scope of management planning covers all managerial levels from the top management team down to the department and team levels. In 2007, also project and sales managers will be included in the process from the business area level downwards. In 2006 a new Career Watch service was developed to facilitate cross-business area rotation on the level of sub-business units and below.

Compensation and benefits

Compensation policy

A new compensation policy was launched at the beginning of 2007. This 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 provides the tools needed to determine compensation and benefits such as job processes and position evaluation.

New sales incentive policy for a unified TietoEnator approach

For TietoEnator Group to maintain its competitive advantage and to complete its transition to an international company, a harmonized, globally competitive sales reward structure is needed across the whole organization. To this end, a new Sales Incentive Framework has been approved by the Corporate Management Team, applicable to all TietoEnator employees engaged in sales activities. It provides specific guidance in the key areas of sales incentives such as target setting, performance measures and reward levels, while retaining flexibility for each business area to adapt the Framework to its own unique offerings and market situations. The Framework will be implemented by business areas during 2007 in accordance with their local requirements.

TERP HR, a useful tool for cross-border managers

The human resources part of TietoEnator's Enterprise Resource Planning system, TERP (see page 37), currently covers all TietoEnator countries with some minor exceptions. Employees are now already able to use TERP self-service to update their basic data. Several new features will be included in TERP during 2007. Competence data, linked closely to project resource management, will be in place in some pilot units. By the end of the year, also a large amount of salary data will be available to managers across country borders using self-service. A global recruitment system will be implemented within TERP which will support internal mobility by including for example all open positions. Enhanced global HR statistics, such as demographic information, will be available later in the year. A unified information system ensures rapid access to information from all parts of the Group and the reliability of the information it contains. This is very useful for cross-border managers as it significantly simplifies their work.

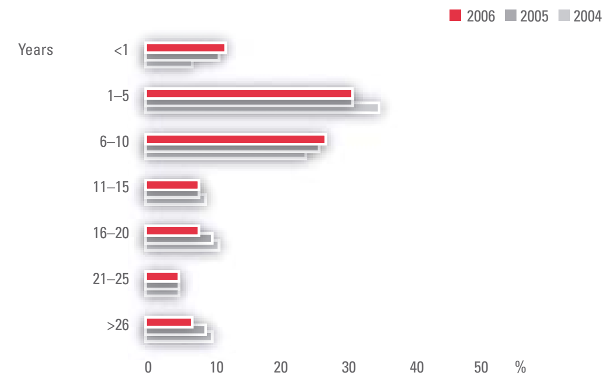
Growth of global sourcing continues

The number of full-time employees totalled 14 597 (13 968) at the end of the year. Acquisitions and new outsourcing contracts added around 974 employees during the year. Recruitment increased from the previous year: a total of 2 096 (1 599) employees were hired. Personnel adjustments reduced staff by 280. Employee turnover totalled 9.0% (7.1) for 2006.

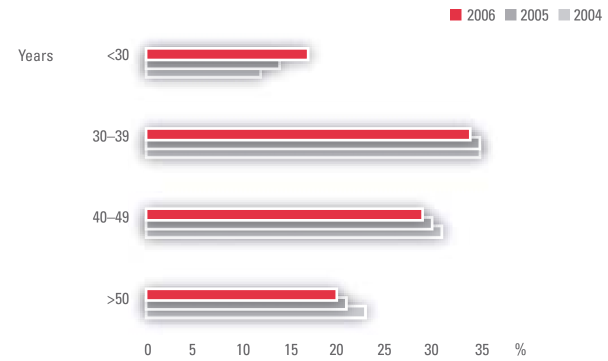
TietoEnator continues to actively develop its global sourcing practices. TietoEnator is resolutely scaling up volume in low-cost countries. This is clearly illustrated by the company's net recruitment figures: net recruitment in 2006 was 655 persons in low-cost countries and only 85 persons in high-cost countries.

At the end of the year, the number of employees in low-cost countries totalled about 2 000 and TietoEnator continues to increase its low-cost staff. Creating cost-competitiveness by global sourcing enables the company to keep jobs and maintain growth in higher-cost operating countries, too.

LENGTH OF EMPLOYMENT

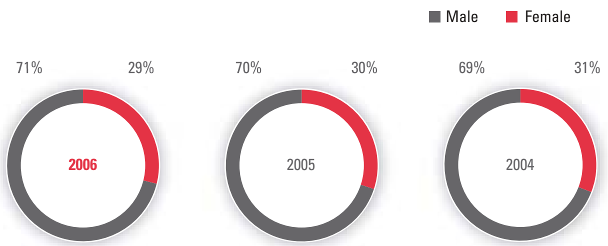


PERSONNEL BREAKDOWN BY AGE

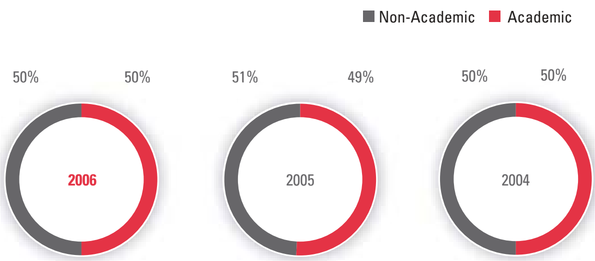


The average age of the personnel at the end of 2006 was 40.5 years (2004: 40.7, 2005: 40.2).

PERSONNEL BY GENDER



PERSONNEL BY ACADEMIC EDUCATION



Information, information services and information technology services are becoming global commodities as progress towards a fully digital society continues. Information networks and other technical advances are revolutionizing the way services can be distributed via digital networks. Add two more trends – the increasing computer literacy among educated people, and the gradual international convergence of these skill levels – and the conditions now exist for a global market for information technology services.

Global service production

integral to all TietoEnator's offerings

For TietoEnator, global sourcing means software centres in low-cost countries providing the company's business areas with cost-effective technical production. These business areas, each with its own customer or industry focus, can thus reduce their own IT production costs and in turn offer customers added value by concentrating resources on continuously improving their products and services. The business areas guide production at the centres. They are also responsible for managing customer relationships, for pricing, for maintaining their own specialist expertise, and for knowing the local language and culture.

GLOBAL SOURCING AN INTEGRAL PART OF TIETOENATOR'S OFFERINGS

The services provided by the global production 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.

Rapid expansion of software centre network

The aggregate number of employees in TietoEnator's various software centres grew almost two-fold during 2006, totalling roughly 2000 people at the year end. The largest centre is the facility in Ostrava, Czech Republic, established in 2004, which had 670 employees at the end of 2006. Besides cost efficiency, the large size of these centres offers the added advantages of a comprehensive service offering and a broad spectrum of competences to choose from.

TietoEnator also has access to software production facilities in all the Baltic countries, Poland, China, Russia, Malaysia, India and Indonesia, giving the company a solid platform on which to scale up its production capacity rapidly and competently. As it builds a global production platform, the company can leverage the different expertise and cost structures offered by different countries.

In future years TietoEnator's global production capacity will continue to grow, and the spread of production centres in different countries and continents will continue. This will ensure the best possible service and price levels along with the availability of sufficient human resources.

In line with its strategy TietoEnator is seeking to strengthen its international competitiveness by harmonizing and enhancing its operating models, processes and services globally. In 2006 the company took important steps on this front to safeguard and improve its ability to offer customers an even wider range of cutting-edge packaged services.

Efficient processes and methods strengthen competitive edge

Effective change management enhances project expertise

Information technology projects more than ever today form part of large and complex business development programmes. It is typical of such programmes that they contain several parallel and interconnected projects along with related line organization decisions and actions.

Complex development programmes carry risks and challenges that call for careful management. To improve its supply capability in this area TietoEnator has brought together its own best practices and experience in this field, benchmarked them against the best standards and templates in the business, and created its own model for managing large change programmes.

TietoEnator has a long and prestigious track record in project management along with a learning path that meets international standards (International Project Management Association, IPMA). The change management process complements this project expertise. Programme management becomes necessary when, instead of results from single projects, the aim is to achieve change in an entire organization, or a large part of it. Accordingly, programme management covers a number of projects, the overall purpose of which is to derive benefits related, for example, to improved market share, profitability or customer satisfaction and which therefore apply to a complete business area or company. For this reason programme management concentrates on managing and measuring overall business benefits rather than checking that individual projects have met their own goals.

The programme management process covers the stages, tasks, structures and roles of the projects it contains, as well as the templates for the documents to be produced. TietoEnator's programme management model has been trial-run in both customer projects and in its own internal change projects.

Process training will be integrated into TietoEnator's project management training programme during 2007.

Software development methods improve

Software development is central to TietoEnator's operations. The steady increase in global sourcing, along with changing customer needs, also calls for change in software development methodologies and processes. Distributed software development requires common processes to be effective.

TietoEnator is adopting the Rational Unified Process (RUP, ©IBM Rational), which will gradually replace TietoEnator's own TE-Object software development model developed some years ago. RUP will be introduced through pilot projects through which the company will bring together its own best practices to ensure from the outset that TietoEnator's use of RUP is effective and guarantees the highest quality. The pilot projects will also be carefully assessed and their results measured to identify the impact of RUP on the company's business operations and provide guidelines for the method's further development.

TietoEnator's RUP adoption programme is part of the company's drive to improve the maturity of its software development work. This is being measured using Capability Maturity Model Integration (CMMI), a method designed to improve an organization's software development capabilities. All TietoEnator units responsible for software development have been given the target of reaching maturity level three on the CMMI model's 5-level scale. This level was already reached in the new units, such as the Ostrava software centre in the Czech Republic, during 2006.

TietoEnator has also been working as a consultant with several of its customers as they adopt RUP in their own IT operations.

CMM (Capability Maturity Model) ® by Software Engineering Institute

Service for managing business processes

A top priority for TietoEnator in recent years has been developing a seamless end-to-end portfolio of services that includes both application management and operations management. For the latter, the company developed a new application management process in 2005. Business process management services were added to this process in 2006.

Management services assure and optimize the ease-of-use, availability and visibility of a digital business process throughout its value chain, transgressing organization and application boundaries. Further benefit to TietoEnator's customers through these services are more effective management of non-conformities and improved cost-efficiency.

Most of TietoEnator's automated business processes have been under TietoEnator's supervision at the application level. However, there is a growing need for a repeatable concept that ensures uninterrupted operation of the whole process from the business perspective. Management services meet precisely this need. They are independent of TietoEnator's vertical business areas and are based on the company's process expertise, supervision services and modelling tool.

Business process management services

Expert and design services

- Describing and evaluating the customer's business process
- Identifying the most important efficiency indicators
- Benchmarking the process against best practices

Performance measurement

- Analysing real-time events and information flow in the process
- Benchmarking key indicators calculated from results against best companies

Measurement and modelling services

Assurance services

- Ensuring reliable through-flow of transactions
- Ensuring recognization of non-conformities
- Efficient start-up of non-conformity management process

TietoEnator enterprise resource planning (TERP)

A new Oracle-based resource management system called TERP (TietoEnator Enterprise Resource Planning) was launched internally in 2004, and its introduction was continued throughout 2005 and 2006. The basic version was much more widely adopted in the company during 2006 with the number users rising to over 9 000. This figure increased further to over 11 000 users at the beginning of 2007. TERP is now used in nine of TietoEnator's countries of operation.

At the end of 2006 TietoEnator took significant steps towards broadening the scope of its business reporting and expert services operations during 2007. At the same time TERP is shifting emphasis from harmonization of the company's financial management processes to harmonization of its business processes. W2E (Way to Excellence) and TERP will continue to be developed in a more integrated manner by a single team responsible for this task.

TERP facilitates global reporting and harmonization of operations in all of TietoEnator's businesses and countries of operation. TietoEnator's various businesses have their own business logics and this will be further emphasized in TERP's development in the future. A centralized and uniform system such as TERP is of immense value in management of the Group, by improving the availability and reliability of information. The system now covers all the company's daily operative needs: customer information management, orders and delivery management, finance and personnel management, and reporting.

TietoEnator's strategic goal is to accelerate its organic growth and global expansion in those customer segments where it has internationally leading competences and therefore the strongest competitive edge. The company's international growth depends above all on its ability to turn different IT services into packaged offerings targeted at specific customer groups or markets.

A competitive offering portfolio
enables international growth

TietoEnator's central goal in recent years has been expansion beyond the Nordic countries. In order to strengthen its international growth, the company is focusing its resources on those sectors in which it has world-class expertise and which, for this reason, offer the company the best growth potential. TietoEnator is Europe's leading supplier of product development services for the telecommunications business and a world-class expert in the digitalization of banking and healthcare service processes and the development of IT systems for the forest industry.

Organic growth based on competitive offerings

TietoEnator is giving strong emphasis to developing competitive and packaged offerings in order to successfully face the challenges of intensifying global competition in its key vertical industries and to accelerate its organic growth.

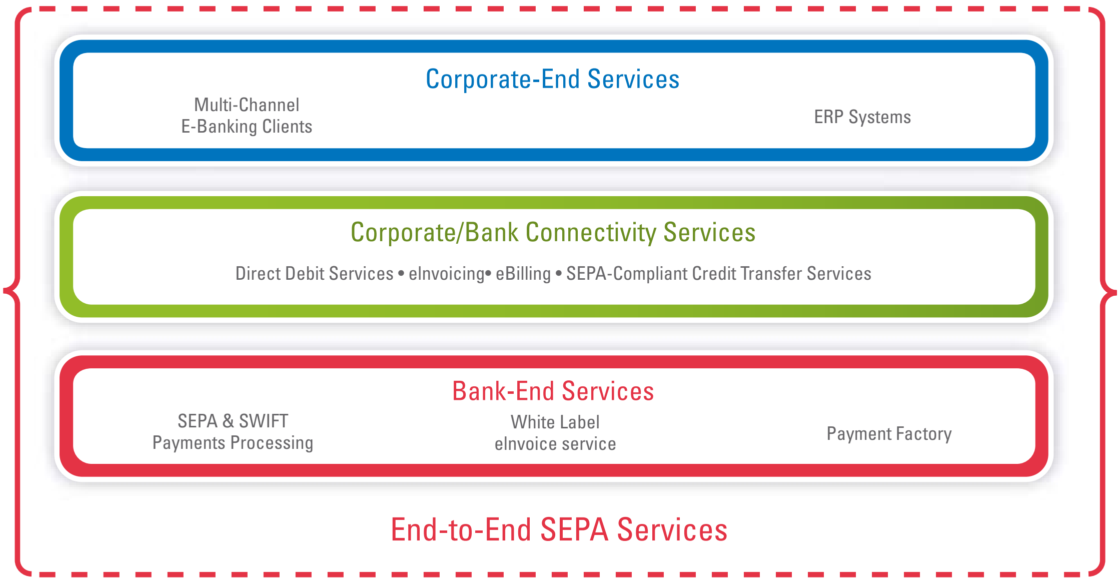
TietoEnator's offerings consist of repeatable, commoditized solutions that fulfil the needs of a customer or market segment. They are based on products, services, global sourcing, partner relationships and various delivery models. In deep, well-established customer relationships, packaged offerings are not crucially important. On the other hand, they are an absolute necessity in markets where TietoEnator's brand recognition and market position are weak. Without a competitive and differentiating portfolio of offerings, TietoEnator would be left to operate with non-differentiated services purely under price competition.

TietoEnator's offering development in 2007

During 2007, TietoEnator will carefully analyse its existing offering portfolio and enhance those offerings that enable growth especially outside the Nordic countries. At the same time the company will limit the number of its key offerings to enable successful execution of its sales and marketing strategy in all its market areas.

TietoEnator will also accelerate the development of new, differentiated offerings that provide clear added value. Internal synergies, partner relations and

TietoEnator FULL SEPA capabilities



global sourcing will be put to more effective use in all new and existing offerings. Co-operation with the right partners in technology, and also in implementation and sales, will significantly increase the international growth potential.

To accomplish the targets related to offering development, TietoEnator has established an Offering Developers' Network consisting of key experts across the company and headed by the Strategic Offering Unit. Its purpose is to share knowledge and best practices, to distribute information and identify synergies between TietoEnator's businesses, and to create common processes and building blocks that can be leveraged across the company's businesses.

One of the offerings is FullSEPA for the European banking industry. The Single Euro Payment Area (SEPA) is a joint effort by the European Commission, the European Central Bank and commercial banks. SEPA will gradually come into operation from the beginning of 2008. Its scope includes ordinary and card payments and direct debt. FullSEPA would further make it possible to send and receive invoices in the euro-zone as a part of the payment system.

TietoEnator's FullSEPA offering has been created by combining the company's unique capabilities and competences related to the Single Euro Payments Area and packaging them into a differentiated competitive offering. It is the most comprehensive SEPA offering in the market as it enables European banks to benefit from the implementation of the payments area in the long run instead of only causing mandatory costs for them.

TietoEnator's strategic goal is to speed up its organic growth and global expansion in selected customer businesses. Strategic Customer Operations (SCO) is a function set up in early 2006 to support these aims. Working hand in hand with TietoEnator's vertical businesses, and also the cross-business Processing & Network business area and the Digital Innovations unit, SCO coordinates and supports customer relationship management, sales and the process of building up the partner network needed for effective sales.

Strategic Customer Operations

supports organic growth and global expansion

SCO operates in three business areas: strategic offering, marketing and top-management consultancy:

Strategic Offering is responsible for honing TietoEnator's strategic service offering into a complete portfolio that meets the varying needs of different customers. Such a service offering is critical to TietoEnator's global growth.

Strategic Marketing supports effective and systematic sales, communication and marketing. The aim of this function is to increase awareness of TietoEnator as Europe's leading IT services provider in selected customer businesses.

Executive Advisors offers top-management consulting and advisory services to customers in close collaboration with TietoEnator's vertical businesses. These services are concentrated around digitalization – the migration of business operations to data networks and the use of ever higher degrees of automation.

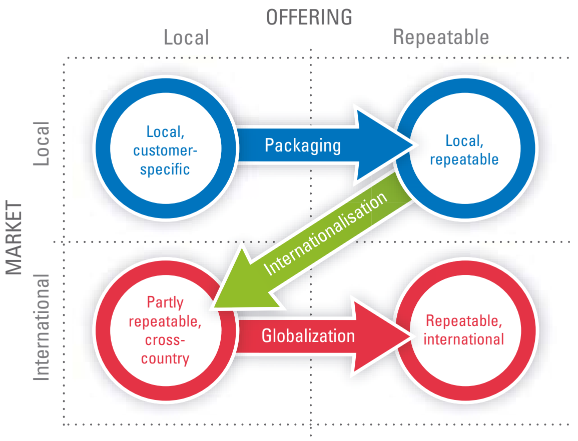
Experts in digital self-service

As it expands both organically and internationally, TietoEnator is particularly profiling itself as an expert in digital self-service. Digitalization of business processes covers customer interface solutions for different business sectors, as well as e-messaging services for networked operations and also process automation. TietoEnator's digital self-services, new-generation voice application services for contact centres, and business process and information integration services are all based on the company's deep knowledge of its customers' businesses; together, they form a comprehensive portfolio of services that ranks

TietoEnator as Europe's leading provider of services for networked businesses.

In developing its service offering, go-to-market planning and sales, TietoEnator works closely with its technology partners. These partners are interested in TietoEnator's expertise in specific business sectors, while TietoEnator benefits from their technological expertise, along with a stronger market presence and wider visibility for TietoEnator in new markets.

Development Process of Offering Portfolio



Strategic Offering helps business areas to optimize their offering portfolios to accelerate international growth.

Developing international offerings and raising awareness in priority areas

TietoEnator started developing its strategic service offering during 2006. The top priority was to come up with offerings that support international growth, utilizing the Group's business-specific and digitalization expertise, global sourcing and technology partners. A Group-wide Offering Developer Network, steered by the Strategic Offering unit, was set up to support this work.

The company made larger investments in marketing during 2006 than in previous years. Their main focus was to raise awareness of TietoEnator in its European markets, both by holding carefully targeted customer events and by working as a partner with key industry organizations.

The Executive Advisors function began operating at the start of 2006. Demand has been strong for digitalization and consulting services for top executives. This activity will be expanded in collaboration with the vertical businesses during 2007.

Brand Evaluation Programme

A Brand Evaluation Programme was initiated in 2006 as part of a series of measures that support the company's work towards its strategic growth goals.

The aim of the programme is to support TietoEnator's sales in Central Europe and the rest of the world by making the brand more appropriate for non-Nordic markets, as well as more distinctive and more competitive. It includes redefining how TietoEnator is presented, rewriting the TietoEnator "brand story", and reshaping the look of the brand. The purpose is to develop one clear and consistent way of presenting the right messages to the right markets.

The work started by analysing the content and competitive position of TietoEnator's current brand. In 2007 it continues by defining the desired qualities to be connected with TietoEnator and by determining the actions and timeline for the branding process.

TietoEnator supports Save the Children's programme in Ethiopia

In Ethiopia 1,4 million people are living with HIV/AIDS, many of them children. One of the consequences of the pandemic is that 11% of Ethiopia's child population are or will shortly become orphans.

The goal of Save the Children programme is to ensure that the Ethiopian children's rights are upheld. This means that all these children should:

- Stay in school
- Receive proper care and support from their guardians, schools and communities
- Be included and respected in the society and not be stigmatized and discriminated against.

Save the Children

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.

Corporate responsibility

A new Code of Conduct adopted

TietoEnator is a member of several sustainability indexes: the Dow Jones Sustainability Index STOXX, the Ethibel Sustainability Index (ESI), and the FTSE-4Good and Kempen SNS Smaller Europe SRI Indexes. According to these research bodies, TietoEnator's performance is above the industry average in the economic and environmental dimensions. In the social dimension TietoEnator is slightly below the industry average due mainly to its low focus on corporate citizenship/philanthropy activities and digital inclusion.

TietoEnator's Corporate Responsibility Framework

In early 2005, TietoEnator launched a Corporate Responsibility Framework which established revised and new policies in the area of corporate responsibility. In 2006, the company adopted an updated Code of Conduct. This consists of TietoEnator's common set of ethical values and business principles, and offers internal guidelines in the daily pursuit of the company's mission, Building the Information Society.

One part of the implementation of the new Code of Conduct was the launch of a Group-wide communication campaign in late 2006 with the aim of having all employees sign the new Code of Conduct as an assurance of their acceptance of its principles. That process will continue in early 2007. At the end of 2006, the signing rate was around 54%.

TietoEnator's Corporate Responsibility Steering Group includes 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 are also included in the annual action plans of the functions. 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 45-49 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 encourages its suppliers and other business partners within its sphere of influence to adopt the principles outlined in this Code of Conduct.

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.

In cases of conflict between mandatory law and the principles contained in the Code of Conduct, the law shall prevail. It is the responsibility of all TietoEnator's employees to be aware of relevant laws or to seek legal advice to ensure compliance.

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 each country of operation, and the responsibilities within HR are defined according to national legislation.

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.

Having in mind the characteristics of the IT service industry, TietoEnator aims at proactive behaviour by:

- reducing direct energy consumption by a daily conscious approach to its office premises
- recycling office material and waste
- taking good care of environmentally harmful materials
- replacing travel, where feasible, by video or telephone conferences
- choosing environmentally-friendly products when suitable alternatives are available.

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. TietoEnator encourages its suppliers and other business partners within its sphere of influence to adopt the principles in this policy.

TietoEnator published its first Environmental Review in 2005. The 2006 data will be available during spring 2007 on the company's website at www.tietoenator.com/cr.

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. TietoEnator'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 each country of operation and applicable collective bargaining agreements. The responsibilities within Occupational Health and Safety are defined according to national legislation.

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

TietoEnator has increased its use of third-party products and know-how as a part of its key offerings. This has enabled the company to focus even more strongly on its customers' business challenges instead of basic technology issues. This has led to the formation of active and close relationships between TietoEnator and its key technology vendors. In 2006, TietoEnator further deepened collaboration with its most important technology partners, and broadened co-operation to cover expert services in the area of technology know-how. This has created significant advantages for both TietoEnator's customers and the parties themselves.

Close relations
with technology vendors

Consolidation among technology suppliers continued during 2006 as expected. The large technology companies such as Oracle, SAP, IBM, BEA, HP and Microsoft were actively buying more companies, which broadened the technology offerings of these key vendors. Further such consolidation is likely in the years ahead.

Another current trend is a shift in the product offering of these large technology vendors as they complement their generic product range with vertical, sector-specific products. TietoEnator will carefully monitor this process, in which certain vertical products are 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 their own 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 business-specific digitalization solutions, making them more competitive. It also enables TietoEnator to align its vertical solutions and services with evolving market needs in order to avoid staying too long with in-house solutions as the application domains commoditize.

TietoEnator becomes a major partner

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, the company has further developed and strengthened this function at the same time as enhancing synergies between technology vendors and the company.

TietoEnator has worked actively to develop and deepen relations with selected key vendors. The company has now achieved the highest possible partnership levels with all relevant vendors and is considered a major partner by each of these corporations. The large technology providers have assigned additional resources to their partnerships with TietoEnator, and together the two sides 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.

Vendor partnerships have already created substantial added value for TietoEnator. Besides achieving savings in software and technology costs, as well as being able to deploy its shared technology expertise faster and more effectively than before, TietoEnator has also succeeded in generating more business with key customers based on joint offerings.

Collaboration will deepen and broaden

After a very productive learning period over the past few years, TietoEnator is now aiming for even closer 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 and services will grow in importance and collaboration with technology partners will deepen in both horizontal technologies and best-of-breed products for specific applications. As collaboration deepens and expands, it will be vitally important for TietoEnator to be able to effectively integrate the software and services of different vendors as it strives towards reaching its strategic goals. Co-operation with technology vendors will increase also in sales of TietoEnator's solutions, especially outside the company's core markets.

PHOTO: DAVIS FREEMAN

Corporate governance

Fully committed to good corporate governance

TietoEnator is fully committed to good corporate governance and complies with the Finnish Corporate Governance Recommendation for Listed Companies issued in December 2003 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 appoints auditors, decides on their compensation and discharges the members of the Board of Directors from liability. The AGM's approval is further required for option programmes as well as, for example, Board authorizations for share repurchases and share issues. The AGM also makes a final decision on the Board's annual dividend proposal, and may further decide on matters that would otherwise belong to the Board of Directors' authority.

An Annual General Meeting is convened annually, usually in March. Extraordinary General Meetings (EGM) are, if necessary, convened for a particular purpose by the Board of Directors, the company's auditors or shareholders holding at least 10 percent of the shares and votes.

In 2006 the AGM convened on 23 March at TietoEnator's office in Espoo, Finland. Altogether 303 shareholders and 11 741 577 shares (14.91% of the total outstanding shares) were represented in the meeting. All decisions were made unanimously without voting. No EGMs were held in 2006.

The Board of Directors

The Board of Directors has a general authority to represent the company and has responsibility for the proper administration and business operations of the company. The Board complies with Finnish legislation in effect from time to time, in particular the stipulations of the Companies Act and the Securities Market Act, and the

TietoEnator in the USA
***Terrence Koh**, **Patrick Nazzaro** and **Cindy Wyatt** (Forest & Energy Redmond, Washington). The picture was taken in Kerry Park on Seattle's historic Queen Anne hills.*

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 be decisive. The Board also draws up an annual plan of action. This section represents a summary of the working orders of TietoEnator's Board of Directors.

Composition and election

The Board's Compensation and Nomination Committee prepares a proposal on the composition of the Board, which is then presented to the AGM for its decision. Shareholders may also propose Board members to be elected by the AGM. TietoEnator's Board of Directors consists of 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 nor having any material connection that might influence their ability to make decisions independently. Further, a person who has reached the age of 68 may not be elected as a Board member.

In addition to the members elected by the AGM, the company's personnel elect two representatives to the Board of Directors. This is done by the personnel representatives of the TietoEnator Group Personnel Representative Body (PRB). The Board elects a chairman and a deputy chairman from its members. Following the 2006 AGM, the Board has been composed of the Chairman, six non-executive, independent directors (including the Vice Chairman), and the two personnel representatives. The current Chairman, who has a service contract with the company, but is not employed full-time, is TietoEnator Group's previous President and CEO and, therefore, not independent for corporate governance purposes. The only change in the composition of the Board in 2006 was a change of one of the employee representatives in November.

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 a proposal for the Board's composition and its following annual action plan. The latest assessment of the Board's performance was carried out by an external expert in late 2006.

Tasks of the Board

It is the Board's general obligation to safeguard the interests of the company and its shareholders. In more practical terms the Board shall 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 the shareholders and the company's other 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 action 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
- addresses the major risks and their management at least once a year
- reviews and approves interim reports, annual reports and financial statements
- reviews and approves the company's key policies
- meets the company's auditors at least once a year without the company's executive management
- appoints the members and chairmen of the Board's committees and defines their charters
- evaluates its own activities.

Board meetings

The Chairman shall convene the Board whenever needed as well as at the request of any of its members or the President and CEO. The Board has scheduled meetings every one to two months. In 2006, it convened 10 times and the average attendance was 92.2%. The Board met once without the executive management present during the year. With the auditors the Board met once, and this meeting took place without the executive management. The Board of Directors is presented on pages 50-51 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 independent non-executive directors who are appointed by the Board. The committee meets regularly and 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 the principles of executive compensation, the compensation of the CEO and his immediate subordinates, and the principles of personnel compensation
- prepare for the Board option schemes and other share based 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 its members
- 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 the Compensation and Nomination Committee is composed of Kalevi Kontinen (Chairman) and Bengt Halse. In 2006 the committee met 6 times and the attendance was 100%. The main issues of the Compensation and Nomination Committee in 2006 were salary reviews for the Corporate Management Team, stock option allocation, and short-term and long-term incentive plans.

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 a 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
- 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
- prepare the proposal to the AGM regarding the auditors and their compensation.

Based on the Board's decision the Audit and Risk Committee is composed of Anders Ullberg (Chairman), Olli Martikainen and Olli Riikkala. In 2006 the committee met 9 times and the average attendance was 89%. The main issues considered by the Audit and Risk Committee in 2006 were the development of risk management and internal audit processes, to review the coverage of risk management and major risks.

Executive management

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 the 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, and the executive vice presidents of Strategic Customer Operations and corporate management functions. 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 respective 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 Group. The executive management is presented on pages 52-54 including their holdings of shares, warrants and options.

TietoEnator established a Development Management Team in the spring of 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 executive vice presidents of Operational Excellence, Strategic Customer Operations and HR, the Chief Information/Technology Officer, and the vice presidents of Strategic Offering, 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 or shareholders. 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 chairmen (if they are not the Chairman or Vice Chairman of the Board) and members receive additional monthly cash compensation.

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 aim of TietoEnator's compensation systems is to attract talent, retain key people and motivate people. The Compensation and Nomination Committee is responsible for planning the compensation of executive management and preparing the principles underlying the compensation of other personnel. This includes both annual bonus systems and option or other share derivative incentive schemes. The terms of option programmes are approved by the AGM and share ownership plans by the Board of Directors.

The purpose of the annual bonus schemes is to reward performance that is above expectations. TietoEnator's bonus system is based on measurable reward factors and mainly rewards improvement only. The system also has restrictions such as the profitability of the unit and maximum level above which no bonus is paid. The long-term incentives are directed at persons who play a key role in the future execution of the Group's strategy and whom it is important for the company to retain.

The compensation of the whole executive management is summarized in Note 6 of the Financial Statements.

Internal control and risk management

The aim with risk management within TietoEnator is not only to use it as a control mechanism, but also to look upon risk management as a means for improving businesses success and profitability. To meet these objectives, risk management cannot be treated as a separate activity, it must be integrated in the business operations, giving each TietoEnator manager the responsibility to manage risks related to their area of responsibility. The company's newly established risk management function has the objective to ensure that the established practices are continuously improved and developed. The corporate risk management policy defines the concept of risk, the risk management framework, and the responsibility for risks within TietoEnator.

Risk management is seen as an integral part of good management practices in TietoEnator. It is strengthened and supported by the risk management framework, which consists of structured processes and practices integrated into the business systems in order to systematically identify, analyse, evaluate, treat, monitor and communicate risks. Risks handled within the processes of the business systems can also be grouped as strategic, operational, financial and insurable.

In the development of the strategies, risk management is used to refine the strategies and to identify the risks of not meeting the strategic objectives. The strategic risks are related to TietoEnator's desired position, and the threats thereof. In the management of the strategic risks, the effort is to mitigate changes in the market conditions, market demands and competitor behaviour. Some of the identified strategic risks are: changes in general or local economic growth, new buying patterns from customers, and competitors creating new business models. The Audit and Risk Committee of the Board has reviewed the strategic risks.

The operational risks are identified in the core business activities. In order to stay competitive there is a continuous need to develop and improve business offerings. Risk management is used to refine the offerings and to identify the risks of not meeting the market needs competitively enough. In the sale and delivery chain, risk management is utilized for evaluating which business opportunity to choose, for securing the delivery and for securing the profitability. Examples of operational risks are that the market is maturing and becoming more commoditized, which creates more price pressure, new low-cost competition, customers pushing their risks on to their suppliers, and having the right capabilities internally to make profitable deliveries.

TietoEnator's financial risks consist of foreign exchange risk, interest rate risk, credit risk and liquidity risk. TietoEnator hedges theses financial risks. The Group Treasury Policy specifies the principles underlying the management of these risks, and it also covers risks related to funding. TietoEnator's financial risks are explained in more detail on the page 50 of the financial statements.

Insurable risks arise from the company's operations and are related to property, interruption of operations and liability for damage, and are covered by 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.

Certain operations that the company sees as critical to its business, e.g. continuity of operations and corporate security, have separate risk management plans and programmes.

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.

Business contingency planning and corporate security

The Group has a unified incident management process. 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 are monitored at the business unit level.

Insiders

TietoEnator operates an insider policy based on the insider guidelines issued by the OMX Helsinki Exchange. 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 and the holdings of TietoEnator's statutory and permanent insiders are available at www.tietoenator.com.

Auditors

TietoEnator Corporation's auditors are appointed by the AGM. In February 2006 the Audit and Risk Committee made a proposal to the 2006 AGM to change the company's auditors, which the AGM approved. The 2006 financial statements of TietoEnator Corporation, including the Group accounts, have been audited by PricewaterhouseCoopers Oy. The Group companies' financial statements have been, with few exceptions, audited by PricewaterhouseCoopers member firms.

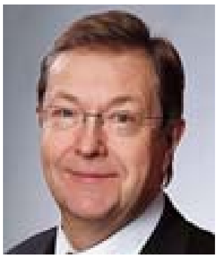
The parent company's auditors are responsible for planning, co-ordinating and supervising the audit of the entire Group. The audit plan is revised annually in co-operation with Group management and the Audit and Risk Committee to address any changed requirements. The company's auditors meet the whole 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 AGM.

The compensation to the auditors is decided by the AGM and assessed annually by the Audit and Risk Committee. In 2006 TietoEnator Group paid the auditors a total of EUR 1.4 million for auditing and EUR 0.6 million for consulting (EUR 1.5 and 1.1 million in 2005).

Communication

The governance section on TietoEnator's website (www.tietoenator.com/governance) includes information on TietoEnator's governance principles such as information on the AGM, 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**, born 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 and Technology Industries of Finland
Board Member of Confederation of Finnish Industries EK, Fortum Corporation, Jaakko Pöyry Group and Technology Industries of Finland Centennial Foundation

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

TietoEnator shares (9 Feb 2007): 35 000
Right to subscribe for 65 000 shares

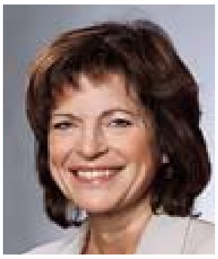
Vice Chairman **Anders Ullberg**, born 1946, nationality Swedish
non-executive, independent Board member

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

MBA

Chairman of the Board of Eneqvistbolagen and Boliden
Member of the Board of Atlas Copco and of Sapa
Member of the Swedish Corporate Governance Board
President and CEO of SSAB Swedish Steel, 2000-2006
Executive Vice President and CFO of SSAB Swedish Steel, 1984-2000
Vice President Corporate Control of Swedyards (Celsius Group), 1978-1984

TietoEnator shares (9 Feb 2007): 5 000



Mariana Burenstam Linder, born 1957, nationality Swedish
non-executive, independent Board member

Board member since 2005

MSc. (Econ.)

Managing Partner and financial advisor at Burenstam & Partners Ltd
President at Ainax Ltd, 2004-2006
Head of Private Banking, Executive Vice President, SEB 1999-2003
CIO, IT Director at Trygg-Hansa / SEB, 1995-1999
CEO, ABB Financial Consulting, 1991-1995
Member of the Board: Säkl Ltd, BTS Group Ltd, Kontanten Ltd and Burenstam & Partners

TietoEnator shares (9 Feb 2007): 100

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

Board member since 2004
Member of the Compensation and Nomination Committee

Dr Eng.

Dr. Eng.h.c. at Linköping University
Member of the Board of OMX ABp , Denel (Pty) Ltd, ISD Technologies AB and of some other small assignments

CEO, Saab AB, 1995-2003
Various positions in Ericsson Group, 1974-1995
TietoEnator shares (9 Feb 2007): 8 000

Kalevi Kontinen, born 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 Ltd and of the Sibelius Academy Foundation
Deputy Member of the Board of Sibelius Academy

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 (9 Feb 2007): 3 000

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

Board member since 2000
Member of the Audit and Risk Committee

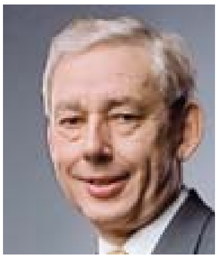
PhD (Math.), MSc (Eng.)

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

Supervisory Board Member of Siemens Osakeyhtiö
Member of the Board of Technopolis Ventures Ltd
Member of The Finnish Academy of Technology

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

TietoEnator shares (9 Feb 2007): 1 000



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

Board member since 2004
Member of the Audit and Risk Committee

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

Chairman of the Board of Helvar Merca Ltd, Comptel Ltd, Oriola-KD Ltd and Palodex Group Ltd
Member of the Board of Fiskars Corporation

Senior Advisor, GE Healthcare Information Technologies, 2004-2006
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 (9 Feb 2007): 1 000

Anders Eriksson, born 1963, nationality Swedish
Personnel representative on the Board since November 2006

MSc. Computer Engineering and Computer Science

Configuration Manager, TietoEnator Telecom & Media

TietoEnator shares (9 Feb 2007): 0

Jari Länsivuori, born 1949, nationality Finnish
Personnel representative on the Board since April 2006

Fire safety supervisor

Real estate manager, TietoEnator Corporation

TietoEnator shares (9 Feb 2007): 0

Executive Management

Pentti Heikkinen, born 1960, nationality Finnish, MSc (Econ.)
Joined the company 1996

President and CEO
Chairman of the 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 in VTKK and Cap Gemini 1984-1995

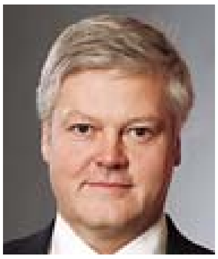
TietoEnator shares (9 Feb 2007): 1 060
Right to subscribe for 65 500 shares
Share-based incentive plan: max 6 000

Åke Plyhm, born 1951, nationality Swedish, BSc (Business Administration)
Joined the company in 1995

Deputy CEO
Member of the 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 (9 Feb 2007): 290
Right to subscribe for 24 185 shares
Share-based incentive plan: max 3 600 shares



Carl-Harald Andersson, born 1956, nationality Swedish, Education MSc (Eng.)
Joined the company in 1987

Executive Vice President and President of Forest & Energy
Member of the 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 (9 Feb 2007): 0
Right to subscribe for 13 300 shares
Share-based incentive plan: max 1 800 shares

Ari Karppinen, born 1957, nationality Finnish, MSc (Eng,)
Joined the company 1987

Executive Vice President and President of Processing & Network
Member of the 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

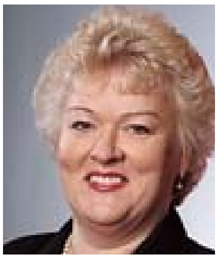
TietoEnator shares (9 Feb 2007): 600
Right to subscribe 22 500 shares
Share-based incentive plan: max 1 800 shares

Carl-Johan Lindfors, born 1956, nationality Finnish, BSc (Aviation Eng.)
Joined the company in 1989

Executive Vice President and President of Healthcare & Welfare
Member of the 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 (9 Feb 2007): 0
Right to subscribe for 13 970 shares
Share-based incentive plan: max 2 000 shares



Anja Vainio, born 1953, nationality Finnish, Education MSc. (Math.)
Joined the company in 1995

Executive Vice President and President of Government, Manufacturing & Retail
Member of the 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 (9 Feb 2007): 0
Right to subscribe for 18 100 shares
Share-based incentive plan: max 1 800 shares

Ari Vanhanen, born 1961, nationality Finnish, MSc (Eng.)
Joined the company in 1994

Executive Vice President and President of Telecom & Media
Member of the 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 (9 Feb 2007): 6 710
Right to subscribe for 35 100 shares
Share-based incentive plan: max 2 800 shares

Matti Viljo, born 1955. nationality Finnish. MSc (Econ.)
Joined the company in 2006

Executive Vice President and President of Banking & Insurance
Member of the Corporate Management Team

Oracle Corporation (Munich, Germany). Vice President,
Application Sales Business Unit 2004-3/2006
Oracle Finland, Managing Director 1998-2004
IBM Finland, Director Baltic Operations 1996-1997
IBM Finland, Director of Sales, Services and Marketing 1995-1996, IBM Corporation (Armonk NY, USA), Director, International Services Business 1992-1994, IBM Finland, various management positions 1979-1991

TietoEnator shares (9 Feb 2007): 0
Right to subscribe for 8 000 shares
Share-based incentive plan: max 2 800 shares

Pekka Viljakainen, born 1972, nationality Finnish, engineering studies (Lappeenranta University of Technology)
Joined the company in 2000

Executive Vice President, Strategic Customer Operations
Member of the Corporate Management Team

President of Digital Innovations from 2004
Managing Director, Oy Visual Systems Ltd, 1990–2004

TietoEnator shares (9 Feb 2007): 649 447
Right to subscribe for 17 000 shares
Share-based incentive plan: max 2 400 shares

Pentti Huusko, born 1948, nationality Finnish, MSc (Computer Sc.)
Joined the company in 1986

Senior Vice President, Operational Excellence

President of Production & Logistics, 2001-2005
President, Process & Manufacturing, 1997–2001
President, Services, 1989–1996
Managing Director and Board member, Tietojyvä Oy, 1986–1989

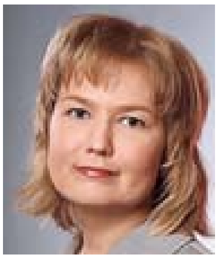
TietoEnator shares (9 Feb 2007): 580
Right to subscribe for 23 000 shares
Share-based incentive plan: max 2 500 shares

Håkan Friberg, born 1948, nationality Swedish, BA (Econ.)
Joined the company in 1993

Executive Vice President, Human Resources
Member of the Corporate Management Team

SVP Human Resources, Enator AB, 1997–1999
Managing Director, Unic AB, 1992–1996
Director, KPMG Management Consulting, 1990–1992

TietoEnator shares (9 Feb 2007): 0
Right to subscribe for 12 400 shares
Share-based incentive plan: max 1 200 shares



Päivi Lindqvist, born 1970, nationality Finnish, MSc (Econ.), MBA
Joined the company in 1997

Executive Vice President, Communications and Investor Relations
Member of the 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 (9 Feb 2007): 300
Right to subscribe for 10 650 shares
Share-based incentive plan: max 1 200 shares

Jouko Lonka, born 1955, nationality Finnish, LLM
Joined the company in 1987

Executive Vice President, Legal & IPR
Member of the Corporate Management Team

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

TietoEnator shares (9 Feb 2007): 36 800
Right to subscribe for 13 450 shares
Share-based incentive plan: max 2 000 shares

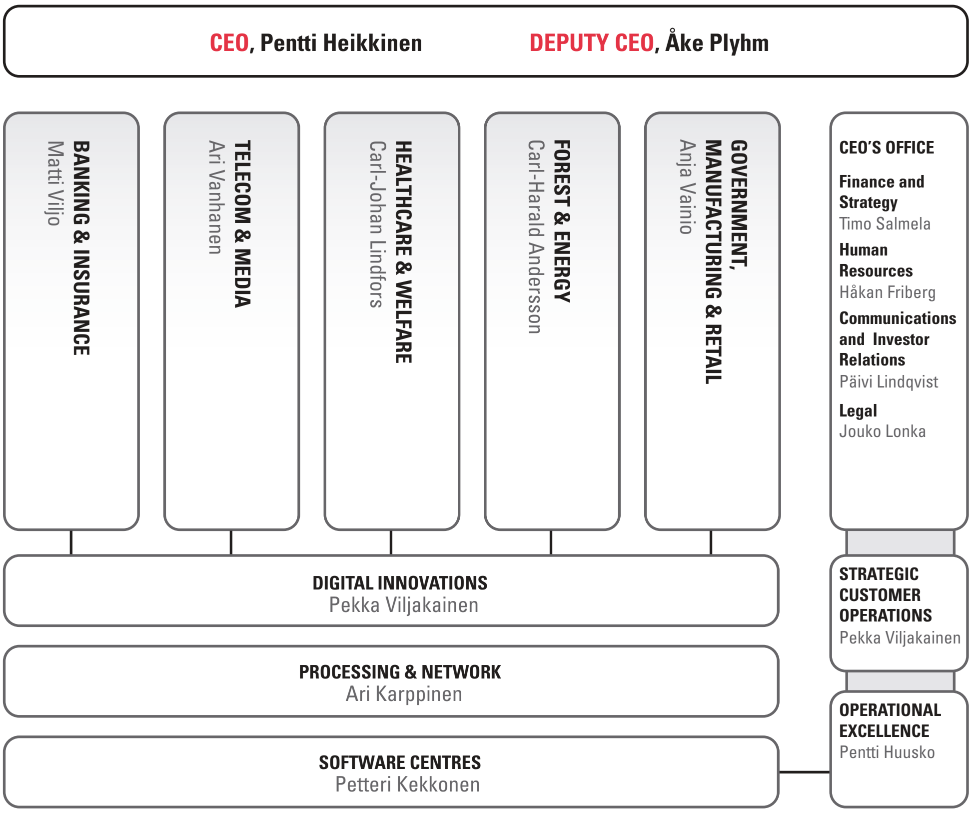
Timo Salmela, born 1957, nationality Finnish, MSc (Econ.)
Joined the company in 1996

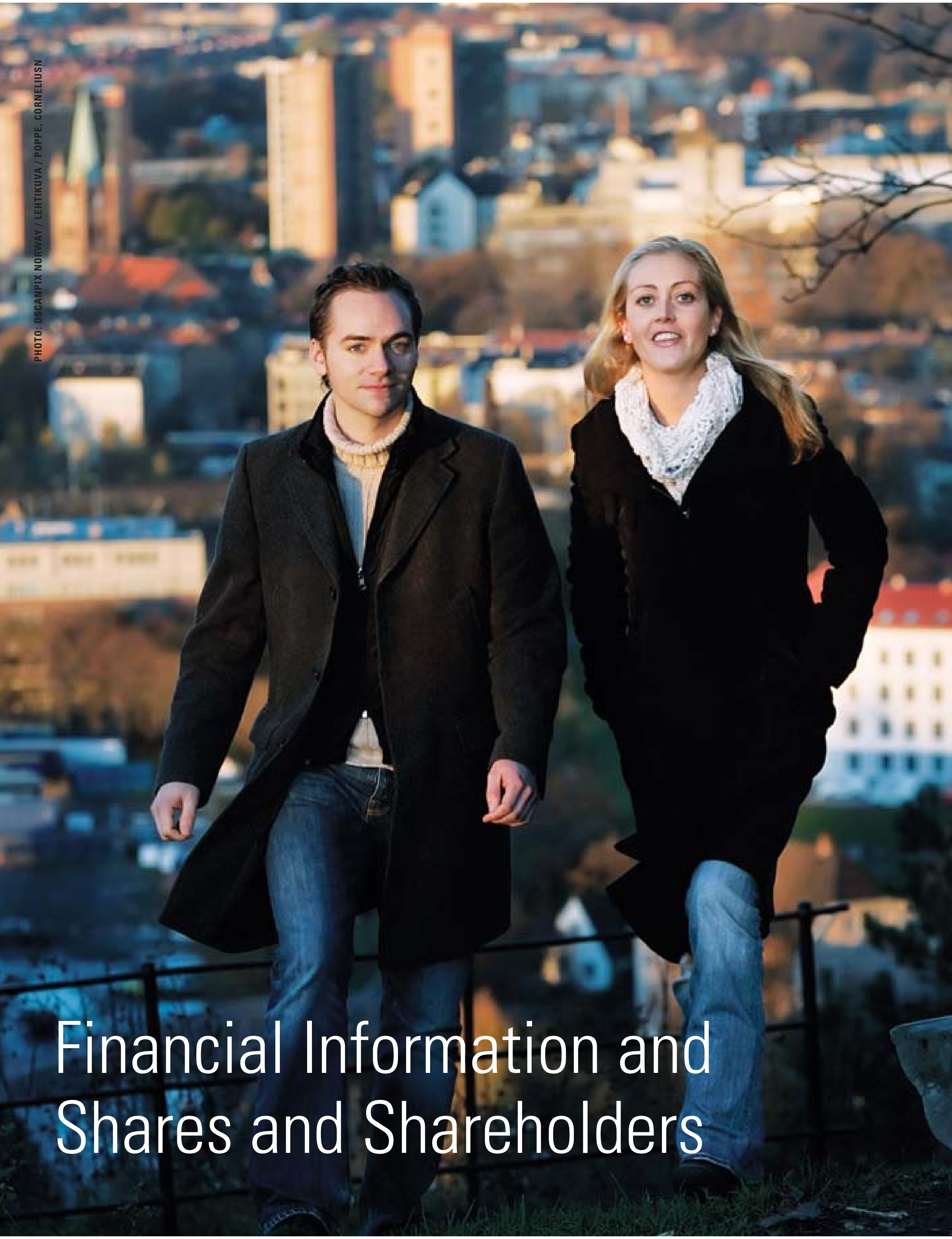
Executive Vice President and CFO, Finance and Group strategy
Member of the Corporate Management Team

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 (9 Feb 2007): 1 350
Right to subscribe for 15 800 shares
Share-based incentive plan: max 1 200 shares

Organization





Financial Information and Shares and Shareholders

Financial Figures

FIVE-YEAR FIGURES	2006 IFRS Continuing operations	2005 IFRS	2004 IFRS	2003 FAS	2002 FAS
Net sales, EUR million	**1 646.5**	1 570.4 *)	1 525.1	1 374.3	1 271.1
Operating profit (EBIT), EUR million	**127.7**	169.1 *)	162.7	102.7	99.8
Operating margin, %	**7.8**	10.8 *)	10.7	7.5	7.9
Profit before taxes, EUR million	**124.5**	171.2 *)	158.1	100.6	100.4
% of net sales	**7.6**	10.9 *)	10.4	7.3	7.9
Total assets, EUR million	**1 374.7**	1 312.0	1 087.7	807.7	845.0
Return on equity, % **)	**15.5**	27.3	45.9	14.1	13.7
Return on capital employed, % **)	**18.7**	29.7	32.6	23.1	23.0
Equity ratio, %	**48.4**	39.8	48.8	60.8	55.5
Gearing, %	**14.9**	39.1	6.1	1.4	13.6
Investments, EUR million	**77.9**	267.3 *)	166.4	61.6	282.9
% of net sales	**4.7**	17.0 *)	10.9	4.5	22.3
Average number of employees	**14 414**	13 213	12 527	11 836	11 153

FAS = Finnish accounting standards

*) Re-presented for continuing operations

**) When calculating the 2004 return on equity and return on capital employed, the 12-month averages for 2003 used in the denominator comply with FAS and not IFRS.

KEY FIGURES BY QUARTER	2006 1–3	2006 4–6	2006 7–9	2006 10–12	**2006 1–12**	2005 1–3	2005 4–6	2005 7–9	2005 10–12	2005 1–12
Net sales from continuing operations, EUR million	409.8	411.8	369.4	455.5	**1 646.5**	381.6	401.0	355.7	432.1	1 570.4
Operating profit from continuing operations (EBIT) excluding capital gain, EUR million	25.1	22.7	27.5	36.7	**112.0**	32.0	39.0	30.8	48.3	150.1
Profit before taxes, EUR million	29.6	25.3	27.4	42.2	**124.5**	34.8	58.6	26.2	51.6	171.2
Earnings per share, EUR										
- basic	0.29	0.23	0.26	2.52	**3.25**	0.31	0.57	0.24	0.64	1.75
- diluted	0.28	0.23	0.26	2.52	**3.25**	0.31	0.57	0.24	0.64	1.75
- basic from continuing operations	0.27	0.24	0.26	0.39	**1.15**	0.31	0.58	0.23	0.62	1.73
- basic from discontinued operations	0.02	-0.01	0.00	2.13	**2.10**	0.00	-0.01	0.01	0.02	0.02
Earnings per share from continuing operations, EUR a)	0.24	0.23	0.31	0.40	**1.18**	0.33	0.43	0.25	0.64	1.64
Equity per share, EUR	5.97	6.10	5.98	8.51	**8.51**	6.84	6.40	6.24	6.60	6.60
Equity ratio, %	34.7	35.0	33.3	48.1	**48.4**	45.6	40.2	39.3	39.8	39.8
Net interest-bearing liabilities, EUR million	198.6	283.0	354.6	93.4	**93.4**	97.8	218.1	222.8	199.9	199.9
Gearing %	43.9	61.6	80.4	14.9	**14.9**	20.6	43.3	46.3	39.1	39.1
Investments in continuing operations, EUR million	24.5	20.0	6.1	27.3	**77.9**	133.2	8.7	103.9	21.5	267.3
Personnel at end of period, continuing operations	14 157	14 191	14 710	14 597	**14 597**	12 714	13 028	13 403	13 968	13 968
Personnel on average, continuing operations	14 115	14 148	14 634	14 759	**14 414**	12 634	13 005	13 373	13 839	13 213

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

TietoEnator in Norway
***Ole Anders Walset**, Healthcare & Welfare, and*
***Cecilie Tang**, Group Operations, walking on*
the hills overlooking Oslo, Norway.

Income Statement (IFRS)

EUR million	Note	Consolidated 1 Jan–31 Dec 2006	1 Jan–31 Dec 2005
Continuing operations			
Net sales	1	**1 646.5**	1 570.4
Other operating income	2	**25.1**	28.8
Cost of sales		**232.1**	258.3
Employee benefit expenses	5, 6	**938.5**	868.3
Depreciation and amortization	10, 11	**59.4**	56.9
Impairment of goodwill	10	**-**	-
Other operating expenses	3	**314.1**	246.8
Share of associated companies' results		**0.2**	0.2
Operating profit		**127.7**	169.1
Net interest expenses	7	**-2.1**	2.1
Net exchange losses and gains	7	**-0.6**	0.2
Other financial income and expenses	7	**-0.5**	-0.2
Profit before taxes		**124.5**	171.2
Income taxes	8	**-37.2**	-34.8
Net profit for the period from continuing operations		**87.3**	136.4
Discontinued operations			
Net profit for the period from discontinued operations	30	**159.7**	1.6
Net profit for the period		**247.0**	138.0
Net profit for the period attributable to			
Shareholders of the parent company		**243.9**	136.3
Minority interest in continuing operations		**1.0**	1.3
Minority interest in discontinued operations		**2.1**	0.4
		247.0	138.0
Earnings attributable to the shareholders of the parent company per share (EUR)	9		
Basic		**3.25**	1.75
Diluted		**3.25**	1.75
Basic/diluted from continuing operations		**1.15**	1.73
Basic/diluted from discontinued operations		**2.10**	0.02
Average number of shares (1 000 shares)			
Basic		**74 964**	78 063
Diluted		**74 998**	78 167

Balance Sheet (IFRS)

		Consolidated	
EUR million	Note	**31 Dec 2006**	31 Dec 2005
ASSETS			
Non-current assets			
Goodwill	10, 14, 15	**448.4**	436.9
Other intangible assets	10	**82.6**	73.9
Property, plant and equipment	11	**87.9**	100.6
Deferred tax assets	17	**75.2**	98.3
Investment in associated companies	12	**2.3**	5.0
Other non-current assets	13	**1.4**	2.0
Total non-current assets		**697.8**	716.7
Current assets			
Trade and other receivables	18	**503.0**	472.7
Current income tax receivables		**22.3**	11.9
Interest-bearing	24	**12.7**	10.8
Cash and cash equivalents	19	**138.9**	99.9
Total current assets		**676.9**	595.3
Total assets		**1 374.7**	1 312.0
EQUITY AND LIABILITIES			
Share capital	20	**75.8**	78.7
Share issue premiums and other reserves	20	**68.8**	62.7
Retained earnings		**477.8**	347.3
Parent shareholders’ equity		**622.4**	488.7
Minority interest		**4.0**	12.2
Total equity		**626.4**	500.9
Non-current liabilities			
Finance lease liability	24, 25	**13.5**	22.2
Shareholders’ loan	25	**0.8**	37.0
Other interest-bearing loans	25	**153.6**	106.0
Deferred tax liabilities	17	**20.0**	23.3
Pension obligations	22	**46.4**	53.4
Provisions	23	**3.4**	9.6
Other non-current liabilities		**3.2**	1.1
Total non-current liabilities		**240.9**	252.6
Current liabilities			
Trade and other payables	26	**410.6**	408.5
Current income tax liabilities		**19.7**	4.7
Interest-bearing loans	25	**77.1**	145.3
Total current liabilities		**507.4**	558.5
Total equity and liabilities		**1 374.7**	1 312.0

Statement of Cash Flow (IFRS)

EUR million	Note	Consolidated 1 Jan–31 Dec 2006	1 Jan–31 Dec 2005
Cash flow from operations			
Operating profit		**127.7**	172.2
Adjustments to operating profit			
Depreciation and amortization		**59.4**	56.2
Profit/loss on sale of fixed assets and shares		**-15.7**	-20.9
Share of associated companies' results		**-0.2**	-0.2
Other adjustments		**3.5**	2.9
Change in net working capital			
Change in current receivables		**-71.0**	-29.3
Change in inventories		**0.5**	-0.1
Change in current non-interest-bearing liabilities		**32.7**	35.3
Cash generated from continuing operations		**136.9**	216.1
Interest income received		**7.4**	2.4
Interest expenses paid		**-9.1**	-1.1
Other financial items net		**-1.1**	-1.2
Income taxes paid		**-24.8**	-17.3
Net cash flow from continuing operations		**109.3**	198.9
Net cash flow from discontinued operations		**3.7**	1.9
Total net cash flow from operations		**113.0**	200.8
Cash flow from investing activities			
Acquisition of Group companies and business operations, net of cash acquired	14	**-24.6**	-161.5
Capital expenditures		**-50.6**	-75.8
Disposal of business operations			
and associated company		**30.4**	25.0
Other investing activities		**1.6**	1.8
Net cash used in investing activities from continuing operations		**-43.2**	-210.5
Net cash used in investing activities from discontinued operations		**-4.2**	-2.5
Total net cash used in investing activities		**-47.4**	-213.0
Cash flow from financing activities			
Dividends and donations		**-65.8**	-79.9
Repurchase of own shares		**-52.3**	-80.0
Proceeds from finance lease liabilities		**0.6**	16.5
Payment of finance lease liabilities		**-9.3**	-6.8
Change in interest-bearing liabilities		**41.6**	163.8
Net cash change in other financing activities		**-4.3**	5.6
Net cash used in financing activities from continuing operations		**-89.5**	19.2
Net cash used in financing activities from discontinued operations		**63.0**	1.4
Total net cash used in financing activities		**-26.5**	20.6
Change in cash and cash equivalents		**39.1**	8.4
Cash and cash equivalents at beginning of period		**-99.8**	-90.7
Foreign exchange differences		**0.0**	-0.7
Cash and cash equivalents at end of period	19	**138.9**	99.8
		39.1	8.4

Key Segment Tables

Net sales and operating profit (EBIT) by business area, EUR million (primary segment) Continuing operations	Net sales 2006 1–12	2005 1–12	Change %	Operating profit 2006 1–12	2005 1–12	Change %
Banking & Insurance	**284**	237	20	**20.1**	24.5	-17.8
Telecom & Media	**542**	544	0	**37.5**	71.3	-47.4
Government, Manufacturing & Retail	**236**	239	-1	**31.2**	22.8	37.1
Healthcare & Welfare	**144**	131	10	**12.8**	19.8	-35.1
Forest & Energy	**161**	160	0	**7.8**	17.4	-55
Processing & Network	**374**	345	8	**39.7**	28.6	38.6
Group eliminations incl. other	**-95**	-85	11			
Group total	**1 646**	1 570	5	**149.2**	184.4	-19.1
Group operations incl. other				**-25**	-24	-4.4
Associated companies outside BA				**0**	-0.1	100
Group capital gains				**3.5**	8.7	-60.3
Operating profit (EBIT)				**127.7**	169.1	-24.4

Operating margin (EBIT), % Continuing operations	2006 1–12	2005 1–12	Change %	excl. capital gains and impairment losses 2006 1–12	2005 1–12	Change %
Banking & Insurance	**7.1**	10.3	-3.2	**7.1**	9.8	-2.8
Telecom & Media	**6.9**	13.1	-6.2	**7.2**	12.9	-5.8
Government, Manufacturing & Retail	**13.2**	9.5	3.7	**7.6**	9.1	-1.5
Healthcare & Welfare	**8.9**	15.1	-6.2	**8.9**	12.9	-4
Forest & Energy	**4.9**	10.9	-6	**4.9**	8.4	-3.5
Processing & Network	**10.6**	8.3	2.3	**10.5**	8.3	2.3
Business areas	**9.1**	11.7	-2.7	**8.3**	11.1	-2.8
Operating margin (EBIT)	**7.8**	10.8	-3	**6.8**	9.6	-2.8

Country sales, EUR million (secondary segment) Continuing operations	2006 1–12	Change %	Share %	2005 1–12	Change %	Share %
Finland	**751**	3	46	731	0	47
Sweden	**454**	-3	28	469	1	30
Germany	**124**	21	8	102	181	7
Norway	**81**	4	5	78	9	5
Denmark	**51**	-1	3	52	31	3
Great Britain	**48**	48	3	32	355	2
Netherlands	**25**	61	2	16	47	1
France	**18**	-14	1	21	-	1
Italy	**17**	-	1	0	-	0
Other	**77**	11	5	70	24	4
Group total	**1 646**	5	100	1 570	10	100

Net sales by industry segment, EUR million Continuing operations	2006 1–12	Change %	Share %	2005 1–12	Change %	Share %
Banking and insurance	**374**	23	23	303	16	19
Public	**292**	4	18	281	6	18
Telecom and media	**515**	-6	31	546	20	35
Forest	**88**	-1	5	88	2	6
Energy	**79**	6	5	75	12	5
Manufacturing	**89**	11	5	80	9	5
Retail and logistics	**88**	-9	5	97	-17	6
Other	**122**	21	7	101	5	6
Group total	**1 646**	5	100	1 570	10	100

Shares and Shareholders

Share capital and shares

TietoEnator Corporation's issued and registered share capital on 31 December 2006 totalled EUR 75 841 462 and there were 75 841 462 shares.

During 2006 the number of registered shares increased by 2 000 new shares subscribed under the 2002 options and decreased by the cancellation of 2 903 860 repurchased shares. All the 2 903 860 shares repurchased in 2005 were cancelled in April by the 2006 Annual General Meeting. The changes in the number of shares were registered as follows:

		Shares	Total number of shares
On 12 Jan 2006	Options	+750	78 744 072
On 5 Apr 2006	Options	+50	78 744 122
On 10 Apr 2006	Cancellation	-2 903 860	75 840 262
On 13 Jun 2006	Options	+1 200	75 841 462

During 2006 TietoEnator executed two share repurchase programmes. In May 500 000 shares were repurchased for the three-year share-based incentive plan that the Board of Directors approved in December 2005. In September a total of 1 745 000 shares were repurchased to develop the company's capital structure. All shares repurchased in September were cancelled by the Board of Directors in December according to the new Finnish Companies Act. The registration of cancelled shares took place in January 2007. The number of outstanding shares (excluding the shares in the company's possession) was 73 596 462 at the end of 2006.

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

There is only one class of share 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 at the meeting. The Board of Directors has proposed to the 2007 AGM that the redemption clause be removed. The current articles of association are available on the company's website at www.tietoenator.com.

Stock options, warrants and share incentives

Based on the outstanding stock options on 31 December 2006, the total number of shares may increase, at the maximum, as follows:

Plan	Maximum number of new shares	Subscription period	Exercise price
TietoEnator 2002 A/B	1 333 270	- 30 /06/ 09	23.38 EUR
TietoEnator 2006 A	484 600	01/03/09 - 31/03/11	29.72 EUR
	1 817 870		

In addition to these, TietoEnator Corporation holds 77 000 2002 A/B stock options and 115 400 options under the 2006 A 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 2 010 270. In all the current option schemes, the persons covered by the scheme receive the options if they are employed by TietoEnator on the starting date of the subscription period. Under the terms of both the 2002 option scheme and the 2006 option scheme, the subscription price will be reduced annually by the amount of dividend per share.

The company still has 1 300 000 stock options from the 2006 stock option plan to be allocated in 2007 and 2008. These options will be marked 2006 B and 2006 C. The Board of Directors decided on 19 December 2006 to offer approximately 600 000 options of the 2006 B series to about 300 employees of TietoEnator group, based on performance. The grant will take place in spring 2007.

The subscription period for the 2002 B options began on 1 December 2006. As both 2002 A and 2002 B options have exactly the same terms and conditions after vesting, these two option series were combined on 12 December 2006 into options marked 2002 A/B. The 2002 A/B options are listed only on the Helsinki Stock Exchange. The warrants under the 2000 bonds with warrants became due at the end of May 2006 without any value.

In December 2005 the Board of Directors approved a new share-based incentive plan for TietoEnator Group's key employees. 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 allocation regarding 2006 was based on TietoEnator Group's earnings per share (EPS) increasing 10 - 30% compared with 2005. The Board decided that the capital gain from discontinued operations in 2006 is not included in EPS when assessing the attainment of the performance targets for the share plan. As the 2006 financial targets were not met there will be no share allocation in 2007. The second performance period is 2007. The allocation regarding 2007 will be made in 2008 and will be based on TietoEnator Group's EPS increasing 0 - 30% compared with 2006. It is prohibited to transfer the shares within two years from the end of an earning period. The incentive plan is intended for approximately 50 key employees.

The volume weighted average price of the TietoEnator share in 2006 was EUR 23.98 on the Helsinki Stock Exchange, which was higher than the exercise price of the 2002 A/B option programme, EUR 23.38.

Board authorizations

The 2006 Annual General Meeting authorized the Board of Directors to repurchase the company's own shares up to 10% of the company's share capital or total number of votes. The authorization is to be used to develop the company's capital structure and for the share ownership plan for key employees.

In April the Board of Directors decided to start a share repurchasing programme for the three-year share-based incentive plan. A total of 500 000 were repurchased between 4 May and 9 May at an average price of EUR 24.88. In July 2006 TietoEnator's Board of Directors decided to start a new share repurchase programme totalling EUR 40 million, to develop the company's balance sheet. A total of 1 745 000 shares were repurchased in September at an average price of EUR 22.86.

The Board was also authorized to issue shares, option rights and convertible bonds for one year from the Annual General Meeting of 2006, until 23 March 2007. Based on this authorization the share capital may increase by at most EUR 15 168 042. 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 30 953 directly registered shareholders at the end of 2006. Based on the ownership records of the Finnish and Swedish central security depositories 31% of TietoEnator's shares were held by Finnish and 28% by Swedish investors. In total, there were 26 966 retail investors in Finland and Sweden and they held 14% 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 members, the President and CEO and his deputy together owned 0.0705% of the share capital and votes. Based on the bonds with warrants and options, they can increase their aggregate holding to at most 0.2744% 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/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.

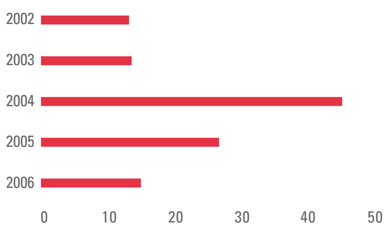
Share performance and trading

The turnover of TietoEnator's shares totalled EUR 5 220.6 million (217 734 156 shares) in Helsinki and SEK 8 962.3 million (41 054 225 shares) in Stockholm in 2006. The total number of shares traded represented 345% of the average number of outstanding shares.

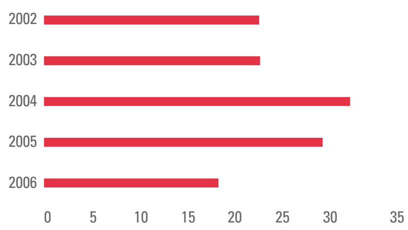
On the Helsinki Stock Exchange the average share price in the year was EUR 23.98, whereas the share price at the end of the year was EUR 24.44. The highest price was EUR 32.88 and the lowest EUR 17.48. The market capitalization at the end of the year totalled EUR 1 853.6 million.

TietoEnator's share price fell 20.8% in Helsinki and 21.2% in Stockholm during the year. At the same time, the OMX Helsinki All Share Index rose by 17.9% and the OMX Helsinki Cap Index by 25.2%. The OMX Stockholm All Share Index rose 23.6% in 2006.

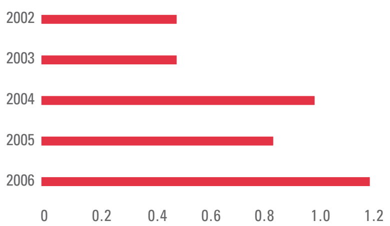
RETURN ON EQUITY, %



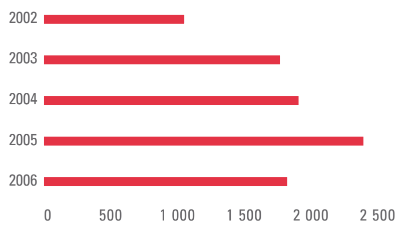
RETURN ON CAPITAL, %



DIVIDEND / SHARE, EUR



MARKET CAPITALIZATION, MEUR



	2006 IFRS	2005 IFRS	2004 IFRS	2003 FAS	2002 FAS
SHARE INFORMATION					
Changes in share capital					
Share capital at year end, EUR	**75 841 462**	78 743 322	82 886 444	82 886 444	82 886 444
Number of shares	**75 841 462**	78 743 322	82 886 444	82 886 444	82 886 444
Adjusted number of shares at year end	**75 841 462**	78 743 322	82 886 444	82 886 444	82 886 444
Adjusted average for the year	**74 963 658**	78 063 022	81 977 804	82 886 444	82 856 926
Per share data					
Earnings per share, EUR					
- basic	**3.25**	1.75	2.71	0.79	0.77
- diluted	**3.25**	1.75	2.71		
Earnings from continuing					
operations per share, EUR *)	**1.18**	1.64			
Equity per share EUR	**8.51**	6.60	6.49	5.74	5.53

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

	2006 IFRS	2005 IFRS	2004 IFRS	2003 FAS	2002 FAS
Share price performance and trading volumes					
On the OMX Helsinki Stock Exchange					
Highest price of share, EUR	**32.88**	31.16	27.70	24.55	32.35
Lowest price of share, EUR	**17.48**	22.30	19.90	11.50	10.25
Average price of share, EUR	**23.98**	26.02	23.58	16.91	20.14
Turnover, number of shares	**217 734 156**	149 733 710	127 507 163	104 692 989	85 479 503
Turnover, %	**290.5**	191.8	155.5	126.3	103.2
On the OMX Stockholm Stock Exchange					
Highest price of share, SEK	**307.00**	292.00	254.00	220.00	297.50
Lowest price of share, SEK	**160.50**	202.00	184.00	107.00	93.00
Average price of share, SEK	**218.30**	241.20	216.71	153.58	204.63
Turnover, number of shares	**41 054 225**	26 454 896	11 205 872	15 257 580	16 813 102
Turnover, %	**54.8**	33.9	13.7	18.4	20.3
Market capitalization, EUR million	**1 853.6**	2 429.2	1 939.5	1 798.6	1 077.5
Dividends					
Dividend, EUR 1 000	**88 316**	64 464	78 742	41 443	41 443
Dividend per share EUR	**1.20**	0.85	1.00	0.50	0.50
Extra dividend paid 2004, EUR 1 000			39 371		
Dividend per share EUR			0.50		
Payout ratio, %	**36.9**	48.6	47.0	63.3	64.9
Price-weighted ratios					
On the OMX Helsinki Stock Exchange					
Price per earnings ratio (P/E)	**8**	18	9	28	17
Dividend yield, %	**4.9**	2.8	6.4	2.3	3.9
On the OMX Stockholm Stock Exchange					
Price per earnings ratio (P/E)	**8**	17	9	28	17
Dividend yield,	**4.8**	2.8	6.5	2.3	3.8

Major shareholders 31 December 2006

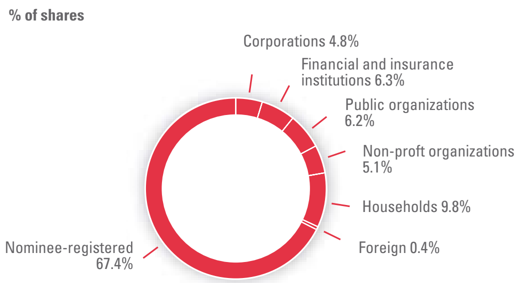
	Country	Shares	%
1 Didner & Gerge funds	SE	2 365 000	3.1
2 Roburs funds	SE	1 546 200	2.0
3 AMF Pensionsförsäkrings	SE	1 522 700	2.0
4 Afa Försäkring	SE	1 353 295	1.8
5 Svenska Litteratursällskapet i Finland	FI	1 319 000	1.7
6 Tapiola	FI	1 064 980	1.4
7 Mutual Pension Insurance Company Ilmarinen	FI	1 002 510	1.3
8 SEB funds	SE	996 383	1.3
9 Nordea funds	SE	839 179	1.1
10 The State Pension Funds	FI	811 500	1.1
Remaining Nominee registered		38 805 317	51.2
Others		24 215 398	31.9
Total		75 841 462	100.0

Based on ownership records of the Finnish and Swedish central security depositories.
TietoEnator executed two share buyback programmes during 2006 and at the end of the year TietoEnator possessed 2 245 000 own shares.

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

OWNERSHIP STRUCTURE ON 31 DECEMBER 2006



Based on ownership records of the OMX Helsinki Stock Exchange.

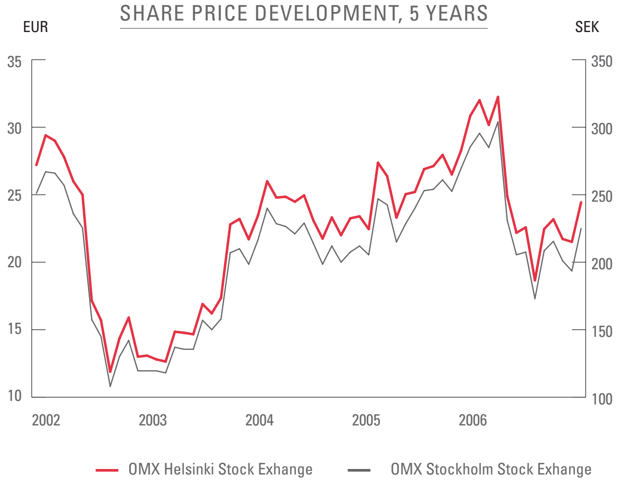
Division of shares on 31 December 2006

Number of shares	Share-holders No	%	Shares No	%
1 - 100	4 736	35.7	289 723	0.4
101 - 500	4 996	37.6	1 363 597	1.8
501 - 1 000	1 623	12.2	1 265 333	1.7
1 001 - 5 000	1 595	12.0	3 469 194	4.6
5 001 - 10 000	149	1.1	1 081 020	1.4
10 001 - 50 000	118	0.9	2 710 143	3.6
50 001 - 100 000	26	0.2	1 909 751	2.5
100 001 - 500 000	28	0.2	5 426 613	7.2
500 001 - 999 999 999 999	11	0.1	58 306 928	76.9
Joint book-entry account			19 160	
Total	13 282	100.0	75 822 302	100.0
of which nominee registered	16	100	51 139 956	67.4

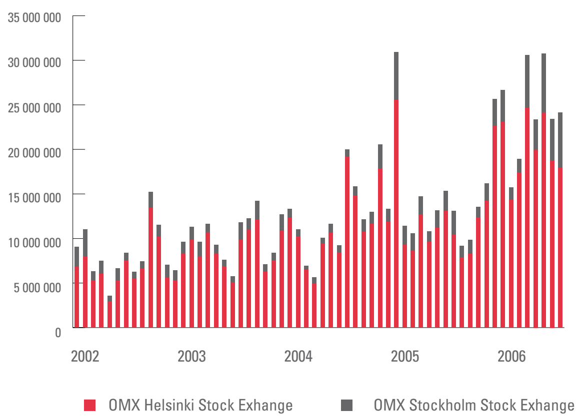
Based on ownership records of the OMX Helsinki Stock Exchange.

Changes in share capital (1 share = 1 vote)	Shares	Share capital, EUR
Total on 31 Dec 2004	82 886 444	82 886 444
Nullifying of company's own shares, 7 Apr 2005	-4 144 322	-4 144 322
Bonds with options subscribed, registered on 16 Dec 2005	+1 200	+1 200
Total on 31 Dec 2005	78 743 322	78 743 322
Bonds with options subscribed, registered on 12 Jan 2006	+750	+750
Bonds with options subscribed, registered on 5 Apr 2006	+50	+50
Nullifying of company's own shares, 10 Apr 2006	-2 903 860	-2 903 860
Bonds with options subscribed, registered on 13 Jun 2006	+1 200	+1 200
Total on 31 Dec 2006	75 841 462	75 841 462
Nullifying of company's own shares, 19 Dec 2006, registered 25 Jan 2007	-1 745 000	0
Total on 25 Jan 2007	74 096 462	75 841 462

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 22 March 2007 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 12 March 2007 and
– notify their wish to attend the meeting not later than Friday 16 March 2007 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 12 March 2007 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 7 March 2007 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 16 March 2007 either:

by telephone	+358 9 8626 3009
by telefax	+358 2060 20232
at internet	www.tietoenator.com/agm
by e-mail	agm@tietoenator.com or
by mail	TietoEnator, Legal & IPR, 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 16 March 2007.

Dividend payment

The Board of Directors proposes to the AGM that a dividend of EUR 1.20 per share be paid on the financial year 2006. 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 27 March 2007. It is proposed that the dividend be paid on 12 April 2007.

Shareholders' calendar for 2007

February 6	Fourth Quarter and Financial Statement Bulletin for the 2006 financial year
Week 7	Financial Review 2006, Business Review 2006 (pdf)
March 5	Financial Review 2006, Business Review 2006 (printed)
March 12	Record date for AGM
March 22	AGM
March 27	Record date for dividend
April 12	Dividend payment
April 27	Interim Report for the first quarter 2007 (January – March)
July 20	Interim Report for the second quarter 2007 (January – June)
October 26	Interim Report for the third quarter 2007 (January – Sept)

Reviews are published in English, Finnish and Swedish and are available on TietoEnator's website, www.tietoenator.com

To order the printed Business Review 2006 and Financial Review 2006:
e-mail: TEreports@121.fi
tel. +358 9 862 6000, fax +358 9 862 63091
tel. +46 8 632 1400, fax +46 8 632 1420

Investor relations contacts

Päivi Lindqvist,
Communications and Investor Relations
tel. +358 9 862 63276, mobile +358 40 708 5351
paivi.lindqvist@tietoenator.com

Paula Liimatta, Investor Relations
tel. + 358 9 862 63113, mobile +358 40 580 3521
paula.liimatta@tietoenator.com

Sirpa Salo, Investor Meetings
tel. +358 9 862 62202, mobile +358 40 556 1281
sirpa.salo@tietoenator.com

Analysts following TietoEnator

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

Contact information

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

TietoEnator Corporation

Kutojantie 10, P.O. Box 33
FI-02631 ESPOO, FINLAND
Tel. +358 9 862 6000
Fax +358 9 8626 3091
e-mail: info@tietoenator.com
www.tietoenator.com
Business ID: 0101138-5
Registered office: Espoo

Kronborgsgränd 1
SE-164 87 KISTA, SWEDEN
Tel. +46 8 632 1400
Fax +46 8 632 1420

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, Spain, Sweden, Ukraine and United Kingdom

Telecom & Media

Kutojantie 6-8
P.O. Box 156
FI-02631 ESPOO, FINLAND
Tel. +358 9 862 6000
Fax +358 9 8626 0420
Offices in Belgium, Czech Republic, China, Denmark, Estonia, Finland, France, Germany, Italy, Latvia, Lithuania, Norway, Poland, 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
Offices in Denmark, Finland, Germany, India, the Netherlands, Norway and Sweden

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 and Sweden

Forest & Energy

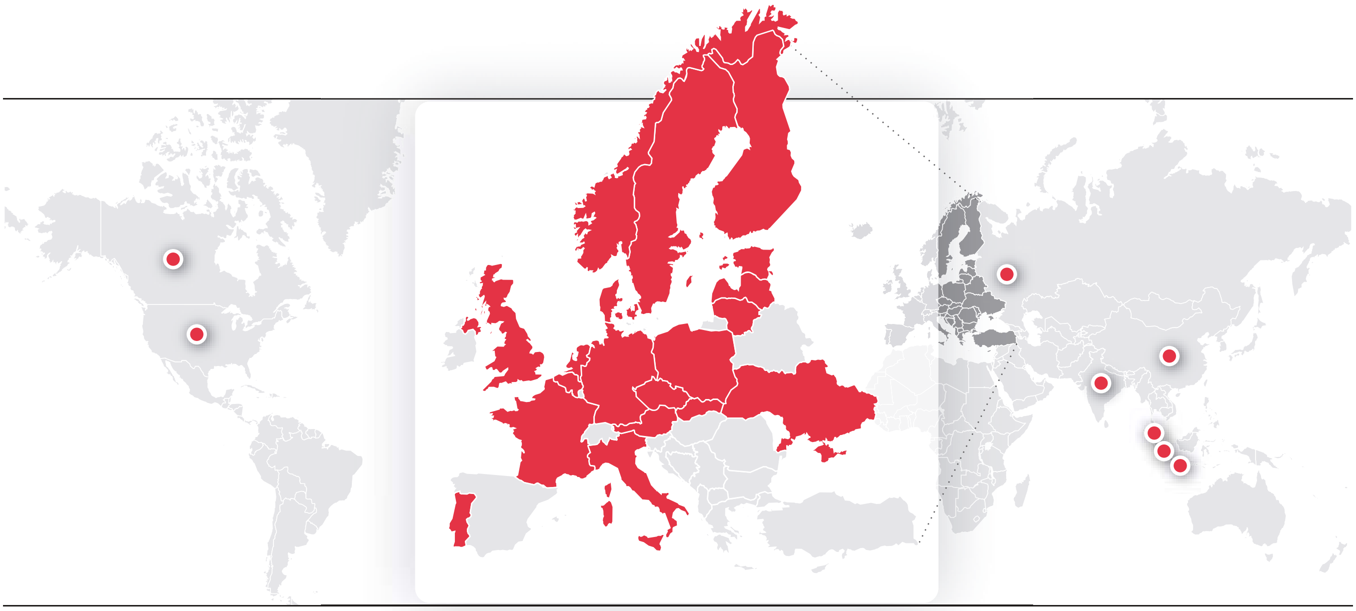
Kutojantie 6-8, P.O.Box 156
FI-02631 ESPOO
Tel. +358 9 862 6000
Fax +358 9 8626 0590
Offices in Austria, Canada, China, Finland, France, Germany, Indonesia, Malaysia, the Netherlands, Norway, Singapore, Sweden, United Kingdom and USA

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 Republic, Denmark, Estonia, Finland, Germany, Latvia, 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, Germany, the Netherlands, Norway, Sweden and Czech Republic



Operating countries

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

Viestintä Oy Virtuoosi, Pohjanlintu
Management photos: Petri Blomqvist
English translation and editing: Andrew Gardiner, Impress Ltd
Printing: Lönnberg Print

TietoEnator is consulting, developing and hosting its customers' digital businesses TietoEnator is among the leading architects in building a more efficient information society. With about 16 000 experts, we are one of the largest IT services companies in Europe.

Our leading-edge know-how is geared towards developing innovative IT solutions that realise and digitalise the visions of our customers. And 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 are globally banking, telecom, healthcare and forest. In these areas, we work hand in hand with many of the world's leading companies and organisations. We are growing with them and are now active in close to 30 countries.

TietoEnator Corporation

Kutojantie 10, P.O. Box 33
FI-02631 ESPOO, FINLAND
Tel. +358 9 862 6000
Fax +358 9 8626 3091

Kronborgsgränd 1
SE-164 87 KISTA, SWEDEN
Tel. +46 8 632 1400
Fax +46 8 632 1420

e-mail: info@tietoenator.com
www.tietoenator.com

TietoEnator

Financial Review 2006

Towards one TietoEnator

TietoEnator

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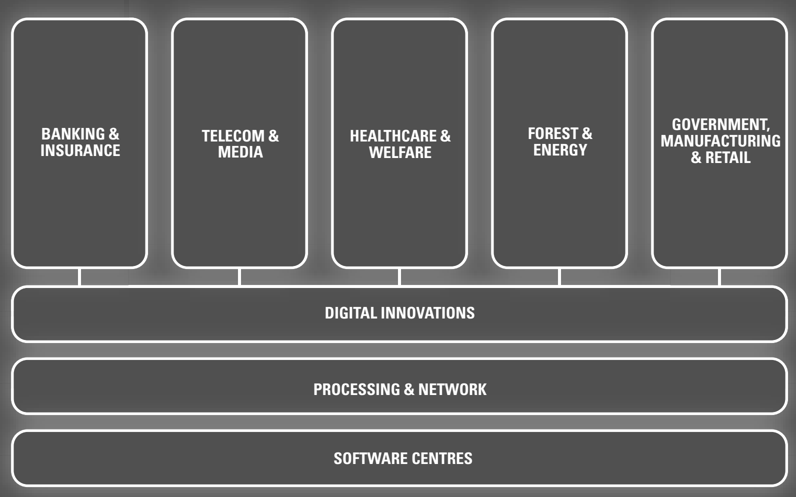
TietoEnator is consulting, developing and hosting its customers' digital businesses

→ TietoEnator is among the leading architects in building a more efficient information society. With about 16 000 experts, we are one of the largest IT services companies in Europe

→ Our leading-edge know-how is geared towards developing innovative IT solutions that realise and digitalise the visions of our customers. And 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 are globally banking, telecom, healthcare and forest. In these areas, we work hand in hand with many of the world's leading companies and organisations. We are growing with them and are now active in close to 30 countries.



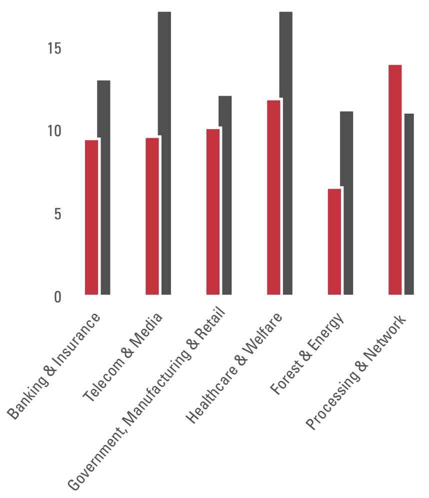
Key Figures

Continuing operations	2006	2005	
Net sales, MEUR	**1 646.5**	1 570.4	*)
Operating profit before goodwill impairment and one-time capital gains, MEUR	**112.0**	150.1	*)
Margin, %	**6.8**	9.6	*)
Operating profit (EBIT), MEUR	**127.7**	169.1	*)
Operating margin, %	**7.8**	10.8	*)
Profit before taxes, MEUR	**124.5**	171.2	*)
Earnings per share from continuing operations, EUR	**1.15**	1.73	
Equity per share, EUR	**8.51**	6.60	
Dividend per share, EUR	**1.20**	0.85	
Investments in continuing operations, MEUR	**77.9**	267.3	*)
Return on equity, %	**15.5**	27.3	
Return on capital employed, %	**18.7**	29.7	
Gearing, %	**14.9**	39.1	
Equity ratio, %	**48.4**	39.8	
Personnel on average	**14 414**	13 213	*)
Personnel on 31 Dec	**14 597**	13 968	*)

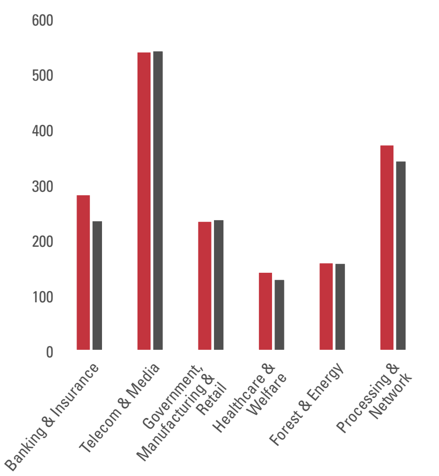
*) Represented for continuing operations

OPERATING MARGIN BY BUSINESS AREA, %

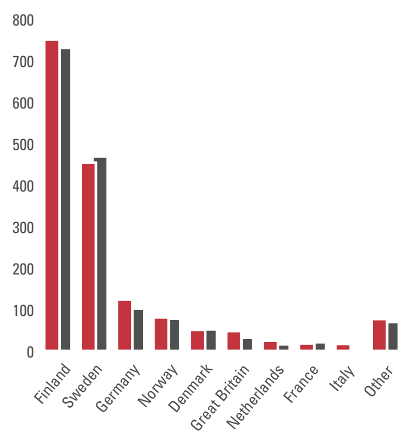
excl. capital gains and impairment losses



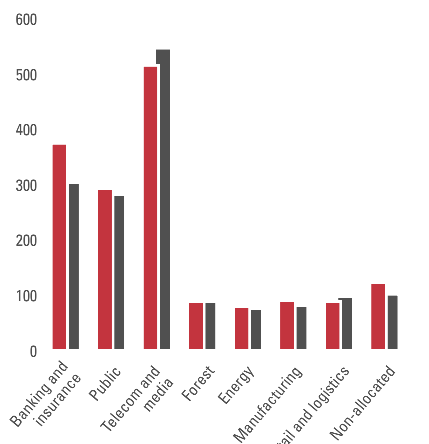
NET SALES BY BUSINESS AREA, EUR MILLION



NET SALES BY COUNTRY, EUR MILLION

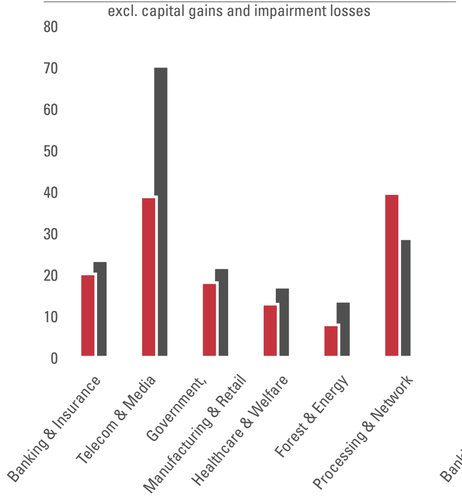


NET SALES BY INDUSTRY SEGMENT, EUR MILLION

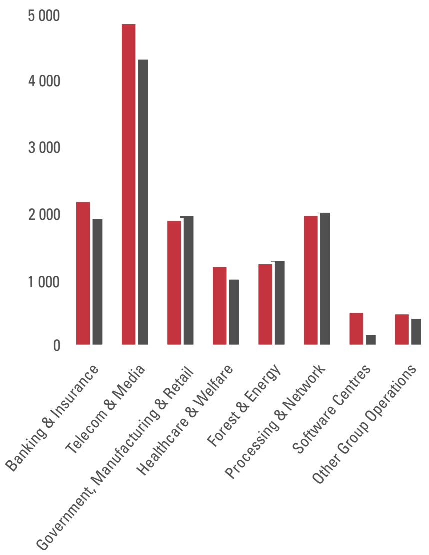


OPERATING PROFIT BY BUSINESS AREA, EUR MILLION

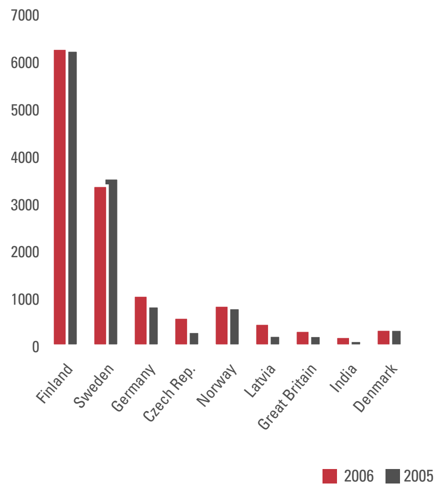
excl. capital gains and impairment losses



PERSONNEL BY BUSINESS AREA ON AVERAGE



PERSONNEL BY COUNTRY ON AVERAGE



Report by the Board of Directors

Market trends in 2006

Market activity in IT services and solutions was high for the whole of 2006. The drivers of demand were improvement in clients' customer service and new product introductions. Cost savings, flexibility and business process efficiency did not, however, diminish in importance. Competition in the IT sector is intense and is getting more diverse. Prices were under pressure in commoditized services and in the areas where global sourcing has higher traction.

In 2006 labour market activity increased clearly. General wage inflation was maintained at a reasonable level, but recruitment of experienced staff has turned difficult in some markets and new recruitment is taking place at higher salary levels.

Development of customer industries

Growth in TietoEnator's business areas varied substantially due to different growth prospects in their respective customer industries, acquisition and outsourcing activity and a diverse pricing environment.

Market activity in the banking business was at a high level. Strong customer demand attracted competition and prices in the services business in some markets were under pressure. Growth in TietoEnator's banking solutions business was strong. Growth was also high in partnership services mainly in the Finnish insurance sector. The UK banking business ended the year with growing net sales and profit despite the challenges in early 2006. The German banking operations were underperforming.

Cost cutting and flexibility remained the main investment drivers for telecom operators, equipment vendors and media companies in Europe. This means that price pressure and outsourcing opportunities are common in the sector. However, new potential business models were emerging based on the common value chain of the telecom and media sectors. TietoEnator's Telecom & Media business area will put further efforts on creating those business models as well as on working with its global sourcing capacity.

In the Finnish government sector overall market demand was good and TietoEnator's market position is strong. The purchase processes of the Finnish government are being centralized, which has created price pressure.

In the manufacturing sector the market situation continued to be good. Customers' ERP implementations and enhancements providing the biggest growth potential. In the retail sector customers continued to pursue cost-saving programmes with a focus on IT-enabled standardization and automation.

In the healthcare business demand for new harmonized systems was very strong. The migration to new digital business processes in hospitals is complicated and demands on the functionality of software are high. This has often resulted in postponements of big implementation projects.

In the forest sector demand was good in Central Europe and improved in North America. In the Nordic countries customers were still focused on getting results out of their cost-saving programmes. In the utilities sector investments are mainly driven by the need to consolidate or renew systems in the billing and self-service areas. The oil and gas business is performing well and its customers are focusing on the standardization and auditability of systems.

In processing and network services the market was very active in 2006. Unlike some years ago the market consisted of a large number of smaller outsourcing cases rather than big one-off transactions.

Changes in corporate structure and larger outsourcing agreements

The biggest changes in corporate structure took place in government and telecom. At the end of the second quarter TietoEnator and Siemens signed an agreement to deepen their co-operation and to transfer to TietoEnator Siemens Communications R&D's switching and migration to next-generation networks. The transition meant that around 250 employees from Siemens moved to TietoEnator Telecom & Media at the beginning of July. The commitment for the whole contract period is approximately EUR 100 million.

The latest joint venture in the insurance sector in Finland, TietoEnator Esy, started operations at the beginning of 2006. The joint venture company employs around 180 people.

In February TietoEnator agreed to acquire the business operations of Sofnetix Oy with 34 employees. In March TietoEnator acquired Telenor Business Consulting with 40 employees in Norwegian telecom company Telenor.

In June TietoEnator agreed to acquire 51% of the share capital in Polish RTS Networks Ltd, a provider of telecom R&D services. The main customer of RTS Networks is Siemens Communications. The acquisition strengthened TietoEnator's R&D expertise and added 110 employees. RTS Networks was consolidated from the beginning of July 2006. In July TietoEnator and DNA, a Finnish mobile operator, signed an agreement regarding the outsourcing of added-value telecom services.

TietoEnator's and Saab's joint venture company TietoSaab Systems Oy launched operations at the beginning of February 2006.

In October TietoEnator sold its government business operations in Sweden, Denmark and Norway to the Icelandic telecommunications company Síminn and the management of TietoEnator's government business in Denmark. These operations were not part of TietoEnator's core business and investing in them would not have been according to the company's strategy of focused internationalization in banking, forest, healthcare and telecom. In the first ten months of 2006 the divested businesses generated EUR 50 million in net sales and a slightly positive operating profit for the Group. At the time of the divestment they employed about 420 people.

TietoEnator made a number of smaller acquisitions during 2006 in the healthcare area in Germany, Sweden and Finland. In September TietoEnator acquired Swedish Laps Care AB and German Cymed AG, and in October the business operations of Finnish Quickclic Finland Oy. In total these three acquisitions added 47 employees. In January 2007 TietoEnator dosed the aqcuisition of Provisio AB in Sweden. The company specialized in operationroom information systems and has seven employees in Lund.

In August TietoEnator strengthened its capabilities to serve utilities in northern Europe by acquiring the business of TOPAS Consulting GmbH in Germany. The acquisition expanded TietoEnator's customer base with European utilities and included 74 SAP experts located in Dortmund and Mannheim.

CHANGES IN STRUCTURE 2006

Company, country	% of shares	Business	Net sales	Employees	Date	Business Area
ACQUISITIONS / SHARE PURCHASES						
Waldbrenner AG, Germany	100%	IT services for healthcare industry	MEUR 3 in 2004	30	Jan 2006	H&W
Manpower's HR services, Sweden	100%	Payroll and human resource outsourcing services	MEUR 13 in 2005	178	Feb 2006	Personec (discontinued oper.)
RTS Networks Ltd., Poland	51%	Telecom R&D services	MEUR 3.2 in 2005	110	Jul 2006	T&M
Laps Care AB, Sweden	100%	IT services for healthcare industry	Not announced	8	Oct 2006	H&W
Cymed AG, Germany	100%	IT services for healthcare industry	MEUR 3.5 in 2006	34	Oct 2006	H&W
Abaris AB, Sweden	100%	IT services for capital markets	MEUR 10 expected in 2007	86	Jan 2007	B&I
Provisio AB, Sweden	100%	IT services for healthcare industry	MEUR 1.2 expected in 2006	7	Feb 2007	H&W
ACQUISITIONS /BUSINESS ACTIVITIES						
Sofnetix, Finland		Software development for wireless and mobile systems	MEUR 3.4 in 2005	34	Mar 2006	T&M
Telenor Business Consulting, Norway		Business development, project and bid management in telecom sector	MEUR 7.5 in 2005	40	Mar 2006	T&M
Topas Consulting, Germany		SAP experts for utilities business	MEUR 8.5 in 2005	74	Oct 2006	F&E
Quickclic Finland, Finland		Interactive and wireless communication services for the social welfare and healthcare industries	Not announced	5	Oct 2006	H&W
OUTSOURCINGS / BUSINESS ACTIVITIES (organic growth)						
If, all Nordic countries		Server operations and end user services	MEUR 13 in 2006	-	Jan 2006	P&N
IT infrastructure service contract with Saab, Services to Europe, South Africa, Australia, the USA		IT infrastructure services	MEUR 80 in 4 years		Q1 2006	P&N
Siemens Communications R&D, Germany		Telecom R&D services	About EUR 15 million in the H2 2006	250	Jul 2006	T&M
OMX, Sweden		IT infrastructure services	MEUR 4.2 in 2006	21	Q2 2006	P&N
ÅF, Sweden		IT infrastructure services	MEUR 12.4 in 3 years	20	Feb 2007	P&N
Ericsson design centre, Denmark		Telecom R&D services	MEUR 10 expected in 2007	86	Feb 2007	T&M
OUTSOURCINGS / JOINT VENTURE (organic growth)						
JV with Saab, Finland	60%	Command and control business		90	Feb 2006	GMR
Employee pension IT company, Esy Oy, Finland	80%	Development of new business operations and customer services	MEUR 22 in 2005 of which 80% consolidated within TietoEnator	180	Jan 2006	B&I
DIVESTMENTS						
Government businesses in Sweden, Denmark and Norway		IT services for government industry	MEUR 58 in 2005	420	Nov 2006	GMR
Personec Group	48%	Payroll, HR and financial management services	MEUR 129 in 2005	1 300	Nov 2006	-
TietoEnator 121 Oy, Finland	51%	High-value-added services for targeted and interactive marketing	MEUR 9	66	Jul 2006	-
Power Maint Systems		Materials management business operations related to forest industry business	MEUR 1.8	14	Jan 2006	F&E

B&I = Banking & Insurance, T&M = Telecom & Media, GMR = Government, Manufacturing and Retail
H&W = Healthcare & Welfare, F&E = Forest & Energy, P&N = Processing & Network, Personec = Personec Group (divested in December 2006)

In March Processing & Network and OMX made an agreement on IT operations for OMX's Banks & Brokers business and 21 employees moved from OMX to TietoEnator.

In December TietoEnator sold its holding in Personec Group to Nordic Capital. Personec is the largest supplier of business support, especially payroll, HR and financial management services and solutions in the Nordic countries. The transaction was a natural step that concluded the process started in July 2004, when TietoEnator took Nordic Capital as an investor to develop the business of Personec. Personec employs close to 1 300 experts and had net sales of EUR 129 million in 2005. As a result of the divestment Personec is treated as a discontinued operation in TietoEnator's financial statements for 2006.

In addition to the above TietoEnator made a couple of small divestments in 2006: in January TietoEnator sold the business operations of materials management related to forest industry and in May TietoEnator decided to divest its interest in TietoEnator 121 Oy to Kauppalehti.

Financial targets

TietoEnator's Board of Directors will review the company's long-term financial targets during 2007.

Net sales

Net sales for continuing operations increased by 5% to EUR 1 646.5 (1 570.4) million. Organic growth totalled 2%. Foreign exchange rates did not impact growth.

The Banking & Insurance business area had the strongest growth due to one new joint venture in the Finnish insurance business, an acquisition made in 2005 and good demand in the banking solutions business. In Telecom & Media's prices were under pressure and their performance-based rewards from partnership customers contributed EUR 2 million of net sales in 2006 compared with EUR 10 million in 2005.

Full-year growth was 21% in Germany, 4% in Norway, 3% in Finland and -3% in Sweden. In Sweden the decline was mostly due to Telecom & Media.

The banking and insurance sector increased its share to 23% (19) of Group net sales for the full year with the help of acquisitions, good organic growth in the Banking & Insurance business area and extended contracts in Processing & Network. Telecom and media's share fell to 31% (35) of sales, public sector contributed 18% (18) of sales, the forest sector 5% (6) and the energy sector 5% (5).

The order backlog, which comprises only services ordered with binding contracts, amounted to EUR 1 244.7 million (1 073.0) at the end of the period, 16% higher than a year before. Processing & Network's share of the order backlog is about 34%. Approximately 51% (58) of the backlog is expected to be invoiced in 2007.

Profitability

Operating profit for continuing operations totalled EUR 127.7 (169.1) million. Capital gains were EUR 15.7 (19.0) million and operating profit excluding capital gains EUR 112.0 (150.1) million. This represented a margin of 6.8% (9.6).

Operating profit in 2006 was lower than in the previous year and what the company expected at the start of the year. Operating profit was burdened by restructuring costs of EUR 12.4 million (about 16 million in 2005) and costs for underperforming projects of EUR 22.6 million (not material in 2005). The company is in the process of strengthening the risk management and legal control of projects and project follow-up.

Telecom & Media's performance-based rewards from partnership customers contributed EUR 2 (9) million, which was clearly less than a year ago. Telecom & Media's operating profit also included a negative value adjustment of EUR 1.2 million in associated companies' shares. Healthcare & Welfare's profitability was reduced due to projects that did not start according to plan.

The full-year operating margin before capital gains in TietoEnator's main markets reached 15% (16) in Finland and 2% (8) in Sweden for the full year. Profitability in Finland was maintained on a very good level despite substantially lower rewards from partnership customers in the telecom business. The profitability decline in Sweden is explained by restructuring and weak performance of Telecom & Media and Forest & Energy. There was clear improvement in the Swedish profitability towards the year-end, however. The average profitability in countries outside Finland and Sweden was positive and only slightly lower than in 2005.

Operating profit (EBIT) included EUR 8.8 (6.9) million from amortization on allocated intangible assets. Costs for share-based payments of EUR 4.0 (2.9) million were included in employee benefit expenses.

Net financial expenses were EUR 3.2 (positive 2.1) million in 2006. Net interest expenses were EUR 2.1 (positive 2.1) million and one-time net losses from foreign exchange transactions EUR 0.6 (net gains 0.2) million.

Net profit from discontinued operations amounted to EUR 159.7 (1.6) million in 2006 consisting of EUR 3.7 million of Personec's net profit and EUR 156.0 million capital gain from the divestment of Personec.

Income taxes for 2006 were EUR 37.2 (34.8) million, representing an effective tax rate of 29.9% (20.3).

Full-year earnings per share from continued operations totalled EUR 1.15 (1.73) and for discontinued operations EUR 2.10 (0.02). Total EPS in 2006 amounted to EUR 3.25 (1.75).

The return on capital employed (ROCE) was 18.7% (29.7) and the return on shareholders' equity (ROE) 15.5% (27.3).

Financing and investments

Cash flow from continuing operations amounted to EUR 109.3 (198.9) million in the full year. Operating profit contributed EUR 174.7 (210.2) million and the increase in working capital consumed EUR 37.8 (-5.9) million. Tax payments were higher at EUR 24.8 (17.3) million. The increase is mostly due to the payment of previously recognized deferred taxes in Sweden. The deferred tax asset was further employed in Finland. The cash flow from discontinued operations amounted to EUR 3.7 (1.9) million.

Payments for new acquisitions included in continuing operations totalled EUR 24.6 million. Divestments of continuing operations generated cash totalling EUR 30.4 million. Cash used in investing activities from discontinued operations includes around EUR 25 million that Personec paid for Manpower's payroll and the Human Resources outsourcing business in Sweden, and the payment for the disposal of the shares in Personec amounted to EUR 22 million. The total dividend payment of EUR 64.5 million was made in April and altogether EUR 52.3 million was used for the share repurchase programmes in May and September.

At the end of 2006 the consolidated balance sheet totalled EUR 1 374.7 (1 312.0) million, a 5% increase compared with 2005. The divestment of Personec in December reduced consolidated interest-bearing debt and added a substantial amount of cash. The equity ratio was 48.4% (39.8). Gearing decreased to 14.9% (39.1). Net debt totalled EUR 93.4 (199.9) million including EUR 231.5 million in interest-bearing debt, EUR 13.5 million in finance lease liabilities, EUR 12.5 million in finance lease receivables and EUR 138.9 million in cash and cash equivalents.

In November TietoEnator signed an agreement on a five-year EUR 250 million syndicated revolving credit facility, which was not in use at the end of 2006. In December TietoEnator issued a seven-year private placement bond of EUR 100 million. The bond has a fixed coupon interest rate of 4.34% and was listed on the Helsinki Stock Exchange at the end of 2006. The purpose of these new debt instruments is to rearrange TietoEnator's external financing by extending the maturity profile of the company's debt and guaranteeing financing for a longer period of time. The other interest-bearing debt consists of a seven-year EUR 50 million private placement bond and usage of EUR 76 million from the short-term commercial paper programme. The three-year EUR 50 million bilateral credit facility was repaid during the fourth quarter. At the end of the year unused credit facilities totalled about EUR 420 million.

Accrual-based investments totalled EUR 77.9 (267.3) million for the period. Capital expenditure including finance leases accounted for EUR 50.9 (77.8) million, investments in business activities for EUR 5.5 (7.6) million, and investments in subsidiary and associated company shares for EUR 21.5 (181.9) million.

Comparability of financial statements

All changes after 2005 in standards, amendments to standards and interpretations have been applied; of these only IFRIC 4 is relevant for the Group. TietoEnator applied IFRIC 4 (Financial Reporting Interpretations Committee's interpretation on the accounting of leasing contracts) from the beginning of 2006 and comparison figures from 2005 have been restated. As a result a total of EUR 5.4 million of invoicing from customers was recognized as leasing contracts and not as net sales, mostly in Processing & Network for the full year. The interpretation has been applied retroactively for 2005 and in the full year 2005 the impact was EUR 5.1 million. IFRIC 4 also lowered depreciation by EUR 5.1 (4.6) million and increased the Group's interest income by EUR 0.3 (0.5) million.

Personnel

The number of full-time employees for continuing operations totalled 14 597 (13 968) at the end of 2006. The net recruitment took place mostly in low-cost countries. Acquisitions and new outsourcing contracts added around 974 employees during the year. Recruitment was stronger than in the year before: a total of 2 096 (1 599) employees were hired. The highest recruitment numbers were in Finland, the Czech Republic, Sweden and Latvia.

In total 280 employees were affected by personnel adjustments during the year 2006 mostly in Telecom & Media, Banking & Insurance and Processing & Network.

Employee turnover has continued to increase. For 2006 employee turnover totalled 9.0% (7.1).

The average number of employees was 14 414 (13 213) in 2006.

The wages and salaries in the year totalled EUR 701.2 (646.0) million.

At the end of 2006 the number of people in low-cost countries totalled about 2 000 or 13% of the total headcount. In January 2007 TietoEnator recruited 140 people formerly working for the Taiwan based BenQ's R&D centre in Wroclaw, southern Poland. The people have previously performed software development and system testing for BenQ in Germany and will now gradually take assignments for TietoEnator's customers in the telecom R&D area.

TietoEnator recognizes the need to speed up the growth of its low-cost resources and has made short-term and long-term plans to guarantee that the optimum mix of resources is reached as soon as possible. Short-term plans include the scale-up of existing sites in the Czech Republic, Poland and India and immediate readiness to open new sites in Eastern Europe. Long-term plans call for opening new sites in existing or additional countries in Eastern Europe and Asia.

TietoEnator's global sourcing strategy is based on a combination of European and Asian sites. European customers are more interested in services provided from European sites. Another benefit of the strategy is lower risk through less dependence on one particular country and market.

TietoEnator's strategic focus areas set the framework for its human resources management and development. In 2006 these strategic focus areas were improvement of organic growth and profitability, speeding up global sourcing and energizing the organization by management rotation. During 2006, the number of TietoEnator's employees in the low-cost countries almost doubled from 1 200 to around 2 000, and the figure will continue to grow fast in the years ahead. This development has created a need to facilitate the rapid growth of the global sourcing centres by attracting, recruiting and training the best people at suitable costs.

At the beginning of 2006 TietoEnator set up a new service, Talent Centre, for managers and employees regarding talent implacement and skills transfer in Finland, Sweden and Norway. The purpose of this service is to support TietoEnator's employees in change, as well as to ensure the availability of the competences needed in the company for the years ahead.

The development of employee competences continued in 2006. TietoEnator has three strategic learning paths focusing on management and leadership, project management and sales. The existing Group-level management training programmes for top management, middle management and first-line management continued based on previously set-up frameworks. A new Leadership programme was started on an international level as well as nationally in the biggest of TietoEnator's countries. Project Management training has been systematized throughout TietoEnator and consists of a four-level project management career and learning path. A TietoEnator-wide sales professional learning path was launched in 2006 to train and coach sales professionals in a coordinated manner.

TietoEnator's competence and performance management is based on a process called Business Driven People Management (BRIDGE). The cornerstone of the process is the development discussion between every employee and his or her immediate manager.

The scope of the management planning was broadened to all managerial levels from the top management team down to the departmental and team levels. The purpose of management planning is to ensure a growing pool of talented, experienced and committed managers both for the short and long terms.

In 2006 TietoEnator developed a new compensation policy that will be launched at the beginning of 2007. It describes the framework for compensation and benefits globally using a total reward approach that includes compensation as well as pension and other benefits. Compensation in TietoEnator consists of three main components: the basic salary, short-term incentives (annual bonus plan) and long-term incentives (option programmes or other share-based programmes).

TietoEnator measures the satisfaction of its employees in an annual employee survey. The results for 2006 were slightly better than in the previous year. The employee feedback received by the survey is one of the most important support materials that the coming years' action planning is to based on.

Employees' health and safety programmes are arranged on a country or unit level according to local practice and legal requirements. As all TietoEnator's employees are engaged in office work, work-related injuries are in practice zero. A common aim of the health and safety programmes is to promote employee's well-being and pre-emptively reduce absence due to illness. A lot of countries focused on stress control and endurance at work. Countries or units are also responsible for the plans to promote equality among employees as the legal requirements differ by country. The work has focused on preparing plans to promote equality and training for managers.

Indicators related to TietoEnator's employee structure are available in the Annual Review on pages 32-34.

Environment

TietoEnator sees that its mission 'Building the information society' represents the company's contribution towards a society that has a lower burden on the environment. TietoEnator also supports a precautionary approach to environmental challenges and a responsible way of conducting its own business operations. TietoEnator's environmental burden is mainly related to running its office premises and data centres and business travelling and is thus lower than for companies with physical production facilities. Environmental aspects are an increasing part of the company's real estate management and the amount of travelling is constantly controlled by favouring digital means of communication like video conferencing. The company is pursuing cost savings in both of these areas, which is strongly supporting the work to lessen the environmental burden. In 2006 TietoEnator also made progress in implementing environmental indicators in its Group-level reporting system.

Risk management

In TietoEnator risk management is integrated in the business operations. Each business manager has the responsibility to manage risks related to their area of responsibility. The objective of the company's risk management function is to ensure that the established practices are continuously improved and developed. TietoEnator's risk management framework consists of structured processes and practices integrated into the business systems in order to systematically identify, analyse, evaluate, treat, monitor and communicate risks. Risks handled within the processes of the business systems can also be grouped as strategic, operational, financial and insurable.

In the management of the strategic risks, the effort is to mitigate changes in the market conditions, market demands and competitor behaviour. Some of the identified strategic risks are: changes in general or local economic growth, new buying patterns of customers, and new business models created by competitors. The Board of Director's Audit and Risk Committee has reviewed TietoEnator's strategic risks.

In the management of operational risks, risk management is used to refine the offerings and to identify the risks of not meeting the market needs competitively enough. In the sale and delivery chain, risk management is used to evaluate which business opportunity to choose, to secure delivery and to ensure profitability. Examples of operational risks are the market maturing and becoming more commoditized, which creates more price pressure; new low-cost competition; customers pushing their risks on to suppliers; and having the right capabilities internally to make profitable deliveries.

TietoEnator's financial risks consist of foreign exchange risk, interest rate risk, credit risk and liquidity risk. TietoEnator hedges these financial risks. Financial risks and their risk management are described in more detail on page 50.

Insurable risks arise from the company's operations and are related to property, interruption of operations and liability for damage, and are covered by 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.

Certain operations that the company sees as critical to its business, e.g. continuity of operations and corporate security, have separate risk management plans and programmes.

More extensive information about risk management is available in the corporate governance section of the Annual Review.

Development

TietoEnator expensed development costs totalling EUR 70.3 (64.9) million in 2006. These development costs are mostly related to the development of TietoEnator's own software products, modules and components. Development costs for major new business concepts and software products are capitalized as intangible assets if they fulfill the requirements stated in the accounting principles. Capitalized development costs totalled EUR 5.1 (3.3) million for 2006.

Other development activities in TietoEnator focused on the definition and refinement of TietoEnator's offerings, marketing and sales to the European markets, process development, further implementation of TietoEnator's common ERP system, and building the global service production.

Board of Directors, management and organization

TietoEnator Corporation's Annual General Meeting on 23 March 2006 re-elected the previous Board members: Mariana Burenstam Linder, Bengt Halse, Kalevi Kontinen, Matti Lehti, Olli Martikainen, Olli Riikkala and Anders Ullberg. Subsequently, the Board of Directors elected Matti Lehti 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.

TietoEnator's personnel elected Jari Länsivuori and Elisabeth Eriksson to be representatives of the personnel organizations on the TietoEnator Board of Directors in April. In November Anders Eriksson was elected to replace Elisabeth Eriksson.

In February Mr Matti Viljo was appointed Senior Vice President of the Banking & Insurance business area from April 2006. In March Mr Juhani Strömberg, Senior Vice President, Strategic Offering decided to leave the company from 1 April 2006.

Shares and options

TietoEnator Corporation's issued and registered share capital on 31 December 2006 totalled EUR 75 841 462 and there were 75 841 462 shares. The 2006 AGM decided to nullify all the 2 903 860 shares repurchased in 2005. The AGM authorized the Board of Directors to repurchase the company's own shares up to 10% of the company's share capital or total number of votes. The Board was also authorized to issue shares, option rights and convertible bond loans.

TietoEnator has 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 at the meeting. The Board of Directors has proposed to the 2007 AGM that the redemption clause be removed.

A total of 500 000 shares for EUR 12.4 million were repurchased in May for the three-year share-based incentive plan that the Board of Directors approved in December 2005. In July the Board of Directors decided to start a new share repurchase programme to develop the company's balance sheet totalling EUR 40 million. A total of 1 745 000 shares were purchased in September at an average price of EUR 22.86. The company held a total of 2 245 000 own shares, 3.0% of its shares and votes at the end of 2006. In December the Board of Directors decided to cancel all the 1 745 000 shares repurchased in September. The cancellation of the shares was registered in January 2007. After the cancellation of these shares the company holds a total of 500 000 own shares, 0.6% of its shares and votes. The number of outstanding shares (excluding the shares in the company's possession) was 73 596 462 at the end of 2006.

In December 2005 the Board of Directors approved a share-based incentive plan for TietoEnator Group's key employees. Incentive rewards can be paid either as shares or in cash during 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 allocation for 2006 was based on TietoEnator Group's earnings per share (EPS) increasing 10 - 30% compared with 2005. The Board decided that the capital gain from discontinued operations in 2006 is not included in EPS assessing the attainment of the performance targets for the share plan. As the 2006 financial targets were not met there will be no share allocation in 2007. The allocation regarding 2007 will be made in 2008 and will be based on TietoEnator Group's EPS increasing 0 - 30% compared with 2006.

A total of 386 530 non-allocated options from the Stock Options 2002 B programme were annulled and the change was registered in April. After the annulment the remaining options of the programme entitled to subscribe for 962 300 TietoEnator shares starting on 1 December 2006. The warrants under the 2000 bonds with warrants became due at the end of May 2006 without any value.

The 2006 Annual General Meeting approved a new stock option programme for TietoEnator's key employees with a maximum of 1 800 000 options each entitling to subscribe for one new share in the company. The purpose of the stock options is to encourage the key personnel to work on a long-term basis to increase shareholder value and to commit the key personnel to the company. Under this option programme the share subscription price for each year's allocation of options is based on the volume weighted average price of the TietoEnator share on the Helsinki Stock Exchange during two months after publication of the financial statements for the previous financial year. The subscription price will be reduced annually by the amount of dividend per share. In March the Board of Directors decided to allocate approximately 500 000 2006 A options to about 300 key employees. The subscription period of the 2006 A options is 1 March 2009 – 31 March 2011. In December the Board of Directors decided to allocate approximately 600 000 stock options (2006 B) to about 300 key employees. The subscription period of the 2006 B options is 1 March 2010 – 31 March 2012.

The Board of Director's authorization to issue share and option rights or raise convertible bond loans has not been used during the year.

Events after the period

In January 2007 TietoEnator agreed to acquire Swedish Abaris AB, which specializes in securities processing solutions. The company employs some 86 people in Sweden, Finland and Norway and net sales in 2007 are expected to amount to EUR 10 million. The acquisition took effect on January 2007.

Also in January 2007 TietoEnator and ÅF Group, a Swedish technical consulting company, agreed on TietoEnator's taking over the internal IT operations of ÅF Group. TietoEnator will provide operational IT services and the technical infrastructure for the ÅF Group. Around 20 people will move to TietoEnator. The contract starting from February 2007 will run for three years and has a value of around EUR 12 million. In January 2007 TietoEnator closed the acquisition of Provisio AB in Sweden. The company specializes in operating room information systems and has seven employees in Lund. At the beginning of February 2007 TietoEnator took over Ericsson's design centre in Aarhus, Denmark, with 86 employees. The design centre supplies IP software building blocks used in Ericsson products.

Dividend proposal

Consistent with TietoEnator's dividend policy the Board of Directors is proposing a dividend of EUR 1.20 (0.85) per share for the year 2006. EUR 0.66 of the dividend relates to capital gains and should be considered extraordinary.

Some items affecting 2007

The net of acquisitions and divestments finalized up to this date is expected to have about -1% impact on net sales for the full year 2007.

TietoEnator expects amortization of allocated intangible assets to total about EUR 10 (8.8) million and stock option expenses of around EUR 2 (4.0) million. Costs related to the share-based incentive programme depend on the company's performance in 2007 and are currently expected to amount to a maximum of about EUR 5 (0) million. These are included in the Group's operating profit.

Profit 2007' programme to be launched

TietoEnator has launched a programme called 'Profit 2007' to improve its business performance. The programme includes plans to rapidly cut costs and divest or restructure loss-making businesses.

Prospects for 2007

TietoEnator expects the general IT market to stay active in 2007. On average prices are expected to stay roughly in line with 2006 levels. TietoEnator will continue to invest in its low-cost sites and international expansion. The actions planned to be taken as part of the 'Profit 2007' programme will incur costs before benefits can be realized.

TietoEnator expects its full-year organic growth in 2007 to be in line with the 2006 level of 2%. The operating profit of the underlying business is expected to exceed the level of 2006 (EUR 124 million). The operating profit of the underlying business does not include potential capital gains and restructuring expenses.

Financial Figures

FIVE-YEAR FIGURES	2006 IFRS Continuing operations	2005 IFRS	2004 IFRS	2003 FAS	2002 FAS
Net sales, EUR million	**1 646.5**	1 570.4 *)	1 525.1	1 374.3	1 271.1
Operating profit (EBIT), EUR million	**127.7**	169.1 *)	162.7	102.7	99.8
Operating margin, %	**7.8**	10.8 *)	10.7	7.5	7.9
Profit before taxes, EUR million	**124.5**	171.2 *)	158.1	100.6	100.4
% of net sales	**7.6**	10.9 *)	10.4	7.3	7.9
Total assets, EUR million	**1 374.7**	1 312.0	1 087.7	807.7	845.0
Return on equity, % **)	**15.5**	27.3	45.9	14.1	13.7
Return on capital employed, % **)	**18.7**	29.7	32.6	23.1	23.0
Equity ratio, %	**48.4**	39.8	48.8	60.8	55.5
Gearing, %	**14.9**	39.1	6.1	1.4	13.6
Investments, EUR million	**77.9**	267.3 *)	166.4	61.6	282.9
% of net sales	**4.7**	17.0 *)	10.9	4.5	22.3
Average number of employees	**14 414**	13 213 *)	12 527	11 836	11 153

FAS = Finnish accounting standards

*) Re-presented for continuing operations

**) When calculating the 2004 return on equity and return on capital employed, the 12-month averages for 2003 used in the denominator comply with FAS and not IFRS.

KEY FIGURES BY QUARTER	2006 1–3	2006 4–6	2006 7–9	2006 10–12	**2006 1–12**	2005 1–3	2005 4–6	2005 7–9	2005 10–12	2005 1–12
Net sales from continuing operations, EUR million	409.8	411.8	369.4	455.5	**1 646.5**	381.6	401.0	355.7	432.1	1 570.4
Operating profit from continuing operations (EBIT) excluding capital gain, EUR million	25.1	22.7	27.5	36.7	**112.0**	32.0	39.0	30.8	48.3	150.1
Profit before taxes, EUR million	29.6	25.3	27.4	42.2	**124.5**	34.8	58.6	26.2	51.6	171.2
Earnings per share, EUR										
- basic	0.29	0.23	0.26	2.52	**3.25**	0.31	0.57	0.24	0.64	1.75
- diluted	0.28	0.23	0.26	2.52	**3.25**	0.31	0.57	0.24	0.64	1.75
- basic from continuing operations	0.27	0.24	0.26	0.39	**1.15**	0.31	0.58	0.23	0.62	1.73
- basic from discontinued operations	0.02	-0.01	0.00	2.13	**2.10**	0.00	-0.01	0.01	0.02	0.02
Earnings per share from continuing operations, EUR a)	0.24	0.23	0.31	0.40	**1.18**	0.33	0.43	0.25	0.64	1.64
Equity per share, EUR	5.97	6.10	5.98	8.51	**8.51**	6.84	6.40	6.24	6.60	6.60
Equity ratio, %	34.7	35.0	33.3	48.1	**48.4**	45.6	40.2	39.3	39.8	39.8
Net interest-bearing liabilities, EUR million	198.6	283.0	354.6	93.4	**93.4**	97.8	218.1	222.8	199.9	199.9
Gearing %	43.9	61.6	80.4	14.9	**14.9**	20.6	43.3	46.3	39.1	39.1
Investments in continuing operations, EUR million	24.5	20.0	6.1	27.3	**77.9**	133.2	8.7	103.9	21.5	267.3
Personnel at end of period, continuing operations	14 157	14 191	14 710	14 597	**14 597**	12 714	13 028	13 403	13 968	13 968
Personnel on average, continuing operations	14 115	14 148	14 634	14 759	**14 414**	12 634	13 005	13 373	13 839	13 213

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

See calculation of key figures on page 49.

Income Statement (IFRS)

		Consolidated	
EUR million	Note	**1 Jan–31 Dec 2006**	1 Jan–31 Dec 2005
Continuing operations			
Net sales	1	**1 646.5**	1 570.4
Other operating income	2	**25.1**	28.8
Cost of sales		**232.1**	258.3
Employee benefit expenses	5, 6	**938.5**	868.3
Depreciation and amortization	10, 11	**59.4**	56.9
Impairment of goodwill	10	**-**	-
Other operating expenses	3	**314.1**	246.8
Share of associated companies' results		**0.2**	0.2
Operating profit		**127.7**	169.1
Net interest expenses	7	**-2.1**	2.1
Net exchange losses and gains	7	**-0.6**	0.2
Other financial income and expenses	7	**-0.5**	-0.2
Profit before taxes		**124.5**	171.2
Income taxes	8	**-37.2**	-34.8
Net profit for the period from continuing operations		**87.3**	136.4
Discontinued operations			
Net profit for the period from discontinued operations	30	**159.7**	1.6
Net profit for the period		**247.0**	138.0
Net profit for the period attributable to			
Shareholders of the parent company		**243.9**	136.3
Minority interest in continuing operations		**1.0**	1.3
Minority interest in discontinued operations		**2.1**	0.4
		247.0	138.0
Earnings attributable to the shareholders of the parent company per share (EUR)	9		
Basic		**3.25**	1.75
Diluted		**3.25**	1.75
Basic/diluted from continuing operations		**1.15**	1.73
Basic/diluted from discontinued operations		**2.10**	0.02
Average number of shares (1 000 shares)			
Basic		**74 964**	78 063
Diluted		**74 998**	78 167

Comments to the Income Statement

Net sales for continuing operations increased by 5%. Organic growth was 2%, which includes new outsourcing and partnership agreements. Foreign exchange rates did not impact growth.

Other operating income consists mainly of several small divestments that took place during 2006. Capital gains totalled EUR 15.7 million for continuing operations.

Employee benefit expenses increased by 8% and represented 57.0% (55.3) of net sales. The result-based bonuses were EUR 15.7 (19.0) million. The average number of employees was 14 414 (13 213). The average growth in salaries of IT consultants and similar employees was around 4% in Finland and 3% in Sweden. Employee benefit expenses include EUR 4.0 (2.9) million of stock option expenses (share-based payments).

Operating profit (EBIT) for continuing operations was EUR 127.7 (169.1) million, or EUR 112.0 (150.1) million excluding capital gains and impairment losses. This corresponds to an operating margin of 6.8% (9.6).

Amortization on allocated intangible assets totalled EUR 8.8 (6.9) million. No impairment losses were recognized during 2006 and 2005.

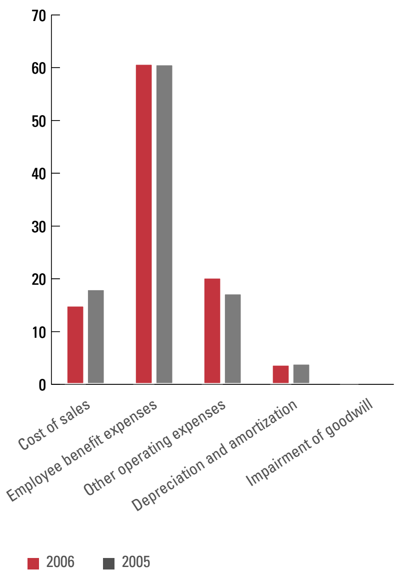
Net financial expenses for continuing operations were EUR 3.2 million. The balance sheet had a net debt position of EUR 93.4 million.

Tax expenses reported on the year include EUR 21.7 million payable on the profit for the year and EUR 15.5 million from 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 30%.

Net profit from discontinued operations amounted to EUR 159.7 (1.6) million consisting of EUR 3.7 million of Personec's net profit and EUR 156.0 million capital gain from the divestment of Personec.

Cost structure	**2006**	2005
Cost of sales	**15.0%**	18.1%
Employee benefit expenses	**60.8%**	60.7%
Other operating expenses	**20.3%**	17.3%
Depreciation and amortization	**3.8%**	4.0%
Impairment of goodwill	**0.0%**	0.0%
Total	**100%**	100%

COST STRUCTURE, %



Balance Sheet (IFRS)

EUR million	Note	Consolidated 31 Dec 2006	 31 Dec 2005
ASSETS			
Non-current assets			
Goodwill	10, 14, 15	**448.4**	436.9
Other intangible assets	10	**82.6**	73.9
Property, plant and equipment	11	**87.9**	100.6
Deferred tax assets	17	**75.2**	98.3
Investment in associated companies	12	**2.3**	5.0
Other non-current assets	13	**1.4**	2.0
Total non-current assets		**697.8**	716.7
Current assets			
Trade and other receivables	18	**503.0**	472.7
Current income tax receivables		**22.3**	11.9
Interest-bearing	24	**12.7**	10.8
Cash and cash equivalents	19	**138.9**	99.9
Total current assets		**676.9**	595.3
Total assets		**1 374.7**	1 312.0
EQUITY AND LIABILITIES			
Share capital	20	**75.8**	78.7
Share issue premiums and other reserves	20	**68.8**	62.7
Retained earnings		**477.8**	347.3
Parent shareholders' equity		**622.4**	488.7
Minority interest		**4.0**	12.2
Total equity		**626.4**	500.9
Non-current liabilities			
Finance lease liability	24, 25	**13.5**	22.2
Shareholders' loan	25	**0.8**	37.0
Other interest-bearing loans	25	**153.6**	106.0
Deferred tax liabilities	17	**20.0**	23.3
Pension obligations	22	**46.4**	53.4
Provisions	23	**3.4**	9.6
Other non-current liabilities		**3.2**	1.1
Total non-current liabilities		**240.9**	252.6
Current liabilities			
Trade and other payables	26	**410.6**	408.5
Current income tax liabilities		**19.7**	4.7
Interest-bearing loans	25	**77.1**	145.3
Total current liabilities		**507.4**	558.5
Total equity and liabilities		**1 374.7**	1 312.0

Comments to the Balance Sheet

Assets

The balance sheet total increased by 4.8% from EUR 1 312.0 million to EUR 1 374.7 million.

New acquisitions in continuing operations increased goodwill by EUR 19.8 million. Direct capital expenditures on fixed assets including new finance lease agreements were EUR 50.9 million. Non-current assets include a deferred tax asset of EUR 75.2 million.

Distribution of total assets 31 Dec	**2006**	2005
Intangible assets	**6.0%**	5.6%
Goodwill	**32.6%**	33.3%
Real estate	**0.5%**	0.5%
Other tangible assets	**5.9%**	7.2%
Shares in associated companies	**0.2%**	0.4%
Other assets	**44.7%**	45.4%
Cash and cash equivalents	**10.1%**	7.6%
Total	**100.0%**	100.0%

Equity and Liabilities

The total amount of equity increased by EUR 125.5 million. The profit for the year increased equity by EUR 243.9 million. The dividend payment decreased it by EUR 64.5 million and share repurchases by EUR 52.3 million.

Interest-bearing liabilities totalled EUR 245.0 million and consisted of TietoEnator's borrowing from financial institutions of EUR 231.5 million and a finance lease liability of EUR 13.5 million.

The Group has a five-year EUR 250 million credit facility signed in November 2006, which was not in use at the end of the year, a seven-year EUR 100 million private placement bond signed in December 2006, a seven-year EUR 50 million private placement bond signed in June 2005 and EUR 76 million from the short-term commercial paper programme. At the end of the year unused credit facilities totalled about EUR 420 million.

Distribution of total equity and liabilities 31 Dec	**2006**	2005
Share capital	**5.5%**	6.0%
Other parent shareholders' equity	**39.8%**	31.3%
Minority interest	**0.3%**	0.9%
Interest-bearing liabilities	**17.8%**	23.7%
Non-interest-bearing debt	**36.6%**	38.1%
Total	**100.0%**	100.0%

Statement of Cash Flow (IFRS)

EUR million	Note	Consolidated 1 Jan–31 Dec 2006	1 Jan–31 Dec 2005
Cash flow from operations			
Operating profit		**127.7**	172.2
Adjustments to operating profit			
Depreciation and amortization		**59.4**	56.2
Profit/loss on sale of fixed assets and shares		**-15.7**	-20.9
Share of associated companies' results		**-0.2**	-0.2
Other adjustments		**3.5**	2.9
Change in net working capital			
Change in current receivables		**-71.0**	-29.3
Change in inventories		**0.5**	-0.1
Change in current non-interest-bearing liabilities		**32.7**	35.3
Cash generated from continuing operations		**136.9**	216.1
Interest income received		**7.4**	2.4
Interest expenses paid		**-9.1**	-1.1
Other financial items net		**-1.1**	-1.2
Income taxes paid		**-24.8**	-17.3
Net cash flow from continuing operations		**109.3**	198.9
Net cash flow from discontinued operations		**3.7**	1.9
Total net cash flow from operations		**113.0**	200.8
Cash flow from investing activities			
Acquisition of Group companies and business operations, net of cash acquired	14	**-24.6**	-161.5
Capital expenditures		**-50.6**	-75.8
Disposal of business operations			
and associated company		**30.4**	25.0
Other investing activities		**1.6**	1.8
Net cash used in investing activities from continuing operations		**-43.2**	-210.5
Net cash used in investing activities from discontinued operations		**-4.2**	-2.5
Total net cash used in investing activities		**-47.4**	-213.0
Cash flow from financing activities			
Dividends and donations		**-65.8**	-79.9
Repurchase of own shares		**-52.3**	-80.0
Proceeds from finance lease liabilities		**0.6**	16.5
Payment of finance lease liabilities		**-9.3**	-6.8
Change in interest-bearing liabilities		**41.6**	163.8
Net cash change in other financing activities		**-4.3**	5.6
Net cash used in financing activities from continuing operations		**-89.5**	19.2
Net cash used in financing activities from discontinued operations		**63.0**	1.4
Total net cash used in financing activities		**-26.5**	20.6
Change in cash and cash equivalents		**39.1**	8.4
Cash and cash equivalents at beginning of period		**-99.8**	-90.7
Foreign exchange differences		**0.0**	-0.7
Cash and cash equivalents at end of period	19	**138.9**	99.8
		39.1	8.4

Statement of Changes in Equity

	Parent shareholders' equity					Minority interest	Total equity
EUR million	Share capital	Share issue premiums and other reserves	Own shares	Translation differences	Retained earnings		
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		0.0		-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**	**-80.0**	**-8.2**	**435.5**	**12.2**	**500.9**
Balance at 31 Dec 2005	78.7	62.7	-80.0	-8.2	435.5	12.2	500.9
Translation difference		2.3		1.6			3.9
Minority interest						-11.3	-11.3
Cancellation of own shares	-2.9	2.9	80.0		-80.0		0.0
Transfer between restricted and non-restricted equity		0.9			-0.9		0.0
Share-based payments recognized against equity					4.0		4.0
Dividend					-64.5		-64.5
Own shares purchased			-52.3				-52.3
Exercise of share options	0.0	0.0					0.0
Other changes					-1.3		-1.3
Net profit for the period					243.9	3.1	247.0
At 31 Dec 2006	**75.8**	**68.8**	**-52.3**	**-6.6**	**536.7**	**4.0**	**626.4**

Notes to the Consolidated Financial Statement

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 consolidated financial statements of TietoEnator Corporation are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The consolidated financial statements are presented in millions of euros and have been prepared under historical cost conventions, unless otherwise stated in these accounting principles.

All changes after 2005 in the standards, amendments to standards and interpretations have been applied; of these only IFRIC 4 is relevant for the Group. TietoEnator applied IFRIC 4 "Determining Whether an Arrangement Contains a Lease" for the first time from 1 Jan 2006. Comparison figures from 2005 have been restated.

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 Jan 2004 are consolidated in accordance with the originally applied accounting and consolidation principles pursuant to the exemption under IFRS 1. The purchase method of accounting is used to account for all acquisitions of subsidiaries except of one where the pooling-method is used. Subsidiaries acquired on or after 1 Jan 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 using the proportional method 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 companies 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 and included in 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.

Segment reporting

TietoEnator Group's operating structure is mainly divided into business areas comprising defined customer segments. The Processing & Network business area provides end-to-end processing and network services to customer segments defined in the other business areas. Digital Innovations is not consolidated as a separate segment and has been allocated evenly to the five business areas. 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 rates prevailing on the transaction date. The foreign currency items at the end of the financial period are valued at the closing 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 for the accounting period. Their balance sheets are translated using the closing rate on the balance sheet date.

Translation differences arising from the consolidation are disclosed separately in consolidated equity. When a subsidiary is sold, any translation differences are recognized in the income statements as part of the gain or loss on the sale.

Revenue recognition
Revenue is recognized in accordance with the requirements of IAS 11 and 18. 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 projects and similar types of customer agreements is recognized according to the state-of-completion method, which is calculated monthly by comparing completed work hours against total estimated work hours to finalize the project. The state-of-completion method is used 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, only revenue 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 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 both assets and business disposals, rental income and government grants. Gains from discontinued operations are included in the net profits of the discontinued operations.

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. 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 relating 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 carrying amounts in the consolidated financial statements, using the tax rates effective for future periods. The most significant temporary differences arise from tax losses carried forward, depreciation differences and intangible assets. Deferred taxes are not accounted for the following: goodwill not deductible for taxation purposes, the initial recognition of an asset or liability in a transaction other than a business combination that affects neither accounting nor taxable profit or loss, 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 Jan 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 Jan 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 Jan 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 any accumulated impairment losses.

The carrying value of goodwill at 1 Jan 2004 and the cost of goodwill arising from acquisitions on or after 1 Jan 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 generally recognized by TietoEnator because normally the value of the acquired business consists of customer relationships, technologies and personnel (which is included in goodwill) and therefore the marketing-related intangible assets do not generally have a separately recognizable fair value.

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

Land is not depreciated. Other fixed assets are carried at cost less accumulated depreciation. Depreciation is charged according to plan based on the estimated useful lives of the individual assets and accounted for in accordance with the straight-line method. The assets' residual useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The Group applies the following economic lives:

	Years
Buildings	25–40
Data processing equipment *)	1–4
Other machinery and equipment	5–8
Other tangible assets	10

*) Purchases of personal computers are expensed immediately.

Leases of lessees

Lease agreements are classified as finance and operating leases. Assets procured under finance lease agreements are capitalized as fixed assets and depreciated during their estimated useful lives.The annual rents are disclosed as amortization of the finance lease liability and interest expenses. The rents for operating leases are expensed as incurred.

Leases of lessors

In accordance with the criteria set out in IFRIC 4, certain assets, mainly technical equipment, are classified as "embedded finance leases". Sales derived from these embedded finance leases are accounted for in accordance with IAS 17 "Leases". The first-time application of the accounting treatment involves the reclassification of tangible assets and the recognition of the future minimum lease payments due from the customer, equivalent to the net investment in the lease, under loans receivables. The customer´s payment is disclosed as amortization of the loan receivable and interest income.

Financial instruments

Financial assets are classified into the following categories: loans and receivables, held-to-maturity, trading and available-for-sale.

Financial instruments are recorded initially at fair value, net of transaction costs. Usually fair value equals the amount received or paid. Loans are included in non-current and current liabilities. Interest expenses and transaction costs are amortized in the income statement over the maturity of loan using the effective interest method. Subsequent measurement of financial instruments depends on the designation of the instruments, as follows:

- 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. Investments in money market instruments are reported as short-term deposits under cash and cash equivalents.

- Derivatives, comprising foreign exchange forward contracts, currency options and interest rate swaps (and embedded derivatives) are classified as held for trading and valued at fair value. Foreign exchange forward contracts are valued at the market forward exchange rates and compared with the contract forward rate. The fair value of interest rate swaps is calculated based on market rates. Related valuation changes are reported in financial income and expenses in the income statement and in other current payables and receivables in the balance sheet. Derivatives are used for hedging purposes only. Hedge accounting according to IAS 39 was not used in 2006.
- Investments in equity instruments, except for investments in associated companies and joint ventures, are classified as assets available-for-sale. They 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.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of assets is impaired. Possible impairment is recognized in the income statement.

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

Provisions are recognized in accordance with the requirements of IAS 37. 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.

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 corridor approach under IAS 19 is applied to actuarial gains and losses.

Share-based payments

TietoEnator uses as incentives stock options and rewards that can be paid either as shares or cash in its employee incentive programmes. IFRS 2 – Share-based Payments are applied to share options granted after 7 Nov 2002 and vesting after 31 Dec 2004. Under IFRS 2, the services rendered by the employees as consideration for the incentives 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. The fair value of the amount payable to the employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities over the period in which the employees become unconditionally entitled to the payment. The liability is measured at each reporting date and at the settlement day. Any changes in the fair value of the liability are recognized as personnel expenses in the income statement.

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 (EPS) 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.

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.

Critical accounting estimates and assumptions are presented in the following disclosures:

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Fair value of derivatives and Other financial instruments	page 18

1. SEGMENT INFORMATION

Net sales by business area, EUR million (primary segment)	2006	2005	Change
Continuing operations	**1–12**	1–12	%
Banking & Insurance	**284**	237	20
Telecom & Media	**542**	544	0
Government, Manufacturing & Retail	**236**	239	-1
Healthcare & Welfare	**144**	131	10
Forest & Energy	**161**	160	0
Processing & Network	**374**	345	8
Group elimination incl. other	**-95**	-85	11
Group total	**1 646**	1 570	5

Internal sales by business area, EUR million (primary segment)	2006	2005	Change
Continuing operations	**1–2**	1–12	%
Banking & Insurance	**8**	8	3
Telecom & Media	**12**	17	-28
Government, Manufacturing & Retail	**24**	19	26
Healthcare & Welfare	**10**	9	20
Forest & Energy	**6**	7	-9
Processing & Network	**57**	52	9
Other	**-24**	-27	-11
Group total	**95**	85	-11

Internal sales are on arms length basis

Country sales, EUR million (secondary segment)	2006	Change	Share	2005	Change	Share
Continuing operations	**1–12**	%	%	1–12	%	%
Finland	**751**	3	46	731	0	47
Sweden	**454**	-3	28	469	1	30
Germany	**124**	21	8	102	181	7
Norway	**81**	4	5	78	9	5
Denmark	**51**	-1	3	52	31	3
Great Britain	**48**	48	3	32	355	2
Netherlands	**25**	61	2	16	47	1
France	**18**	-14	1	21	-	1
Italy	**17**	-	1	0	-	0
Other	**77**	11	5	70	24	4
Group total	**1 646**	5	100	1 570	10	100

Net sales by industry segment, EUR million	2006	Change	Share	2005	Change	Share
Continuing operations	**1–12**	%	%	1–12	%	%
Banking and insurance	**374**	23	23	303	16	19
Public	**292**	4	18	281	6	18
Telecom and media	**515**	-6	31	546	20	35
Forest	**88**	-1	5	88	2	6
Energy	**79**	6	5	75	12	5
Manufacturing	**89**	11	5	80	9	5
Retail and logistics	**88**	-9	5	97	-17	6
Other	**122**	21	7	101	5	6
Group total	**1 646**	5	100	1 570	10	100

Operating profit (EBIT), EUR million	**2006**	2005	Change
Continuing operations	**1–12**	1– 12	%
Banking & Insurance	**20.1**	24.5	-17.8
Telecom & Media	**37.5**	71.3	-47.4
Government, Manufacturing & Retail	**31.2**	22.8	37.1
Healthcare & Welfare	**12.8**	19.8	-35.1
Forest & Energy	**7.8**	17.4	-55.0
Processing & Network	**39.7**	28.6	38.6
Business areas	**149.2**	184.4	-19.1
Group operations incl. other	**-25.0**	- 24.0	-4.4
Associated companies outside BA	**0.0**	-0.1	100.0
Group capital gain	**3.5**	8.7	-60.3
Operating profit (EBIT)	**127.7**	169.1	-24.4

Operating profit, EUR million excl. capital gains and impairment losses	**2006**	2005	Change
Continuing operations	**1–12**	1–12	%
Banking & Insurance	**20.1**	23.3	-13.7
Telecom & Media	**38.7**	70.2	-44.8
Government, Manufacturing & Retail	**18.0**	21.6	-16.9
Healthcare & Welfare	**12.8**	16.9	-24.1
Forest & Energy	**7.8**	13.5	-42.0
Processing & Network	**39.5**	28.6	37.9
Business areas	**137.0**	174.2	-21.3
Group operations incl. other	**-25.0**	- 24.0	-4.4
Associated companies outside BA	**0.0**	- 0.1	100.0
Operating profit (EBIT excl. capital gains)	**112.0**	150.1	-25.4

Operating margin (EBIT), %	**2006**	2005	Change
Continuing operations	**1–12**	1–12	%
Banking & Insurance	**7.1**	10.3	-3.2
Telecom & Media	**6.9**	13.1	-6.2
Government, Manufacturing & Retail	**13.2**	9.5	3.7
Healthcare & Welfare	**8.9**	15.1	-6.2
Forest & Energy	**4.9**	10.9	-6.0
Processing & Network	**10.6**	8.3	2.3
Business areas	**9.1**	11.7	-2.7
Operating margin (EBIT)	**7.8**	10.8	-3.0

Operating margin (EBIT) excl. capital gains and impairment losses, %	**2006**	2005	Change
Continuing operations	**1–12**	1–12	%
Banking & Insurance	**7.1**	9.8	-2.8
Telecom & Media	**7.2**	12.9	-5.8
Government, Manufacturing & Retail	**7.6**	9.1	-1.5
Healthcare & Welfare	**8.9**	12.9	-4.0
Forest & Energy	**4.9**	8.4	-3.5
Processing & Network	**10.5**	8.3	2.3
Business areas	**8.3**	11.1	-2.8
Operating margin (EBIT), excl. capital gains and impairment losses	**6.8**	9.6	-2.8

Personnel		**End of period**				**Average**
Continuing operations	**2006**	Change	Share	2005	**2006**	2005
By business area (primary segment)	**1–12**	%	%	1–12	**1–12**	1–12
Banking & Insurance	**2 193**	6	15	2 070	**2 189**	1 930
Telecom & Media	**5 107**	7	35	4 781	**4 869**	4 336
Government, Manufacturing & Retail	**1 532**	- 23	10	1 997	**1 904**	1 982
Healthcare & Welfare	**1 295**	17	9	1 107	**1 208**	1 020
Forest & Energy	**1 286**	1	9	1 279	**1 251**	1 303
Processing & Network	**1 966**	- 1	13	1 977	**1 979**	2 028
Software Centres	**709**	122	5	319	**518**	183
Other Group Operations	**507**	16	3	437	**496**	430
Group total	**14 597**	4	100	13 968	**14 414**	13 213
By country (secondary segment)						
Finland	**6 163**	0	42	6 190	**6 277**	6 237
Sweden	**3 239**	- 9	22	3 552	**3 380**	3 538
Germany	**1 342**	59	9	845	**1 062**	836
Czech Rep.	**769**	80	5	427	**597**	296
Norway	**742**	- 11	5	830	**851**	798
Latvia	**521**	29	4	404	**469**	215
Great Britain	**314**	- 17	2	379	**320**	211
India	**231**	56	2	148	**191**	106
Denmark	**221**	-36	2	347	**343**	341
Italy	**176**	- 18	1	215	**187**	36
Poland	**153**	-	1	0	**73**	0
Estonia	**116**	38	1	84	**95**	76
France	**114**	-2	1	116	**107**	124
Lithuania	**102**	26	1	81	**94**	68
USA	**71**	- 7	0	76	**73**	87
Other	**324**	18	2	274	**295**	244
Group total	**14 597**	4	100	13 968	**14 414**	13 213

The personnel figures for the associated companies under TietoEnator's management responsibility are reported according to our holding. Personnel figures including these associated companies to 100% give a total of 14 999 (14 374) at the end of the period.

Total assets, EUR million	**2006**	2005	Change
Continuing operations	**31 Dec**	31 Dec	%
Banking & Insurance	**256.0**	228.4	12
Telecom & Media	**414.7**	384.6	8
Government, Manufacturing & Retail	**64.1**	73.0	-12
Healthcare & Welfare	**93.5**	85.7	9
Forest & Energy	**112.1**	107.2	5
Processing & Network	**187.3**	165.0	14
Group elimination	**-34.0**	-28.1	-
Business areas	**1 093.9**	1 015.9	8
Other Group Operations	**280.9**	312.1	-10
Group total	**1 374.7**	1 328.0	4
Discontinued operations, net impact	**-**	-15.9	-
Total assets	**1 374.7**	1 312.0	5

Total liabilities, EUR million	2006	2005	Change
Continuing operations	**31 Dec**	31 Dec	%
Banking & Insurance	**93.2**	86.5	8
Telecom & Media	**166.6**	145.4	15
Government, Manufacturing & Retail	**39.2**	36.7	7
Healthcare & Welfare	**32.0**	42.1	-24
Forest & Energy	**52.3**	51.0	3
Processing & Network	**76.3**	72.7	5
Group elimination	**-31.0**	-3.5	-
Business areas	**428.6**	431.0	-1
Other Group Operations	**319.7**	275.3	16
Group total	**748.3**	706.3	6
Discontinued operations, net impact	**-**	104.8	-
Total liabilities	**748.3**	811.1	-8

Segment assets by country, EUR million			
Continuing operations			
Finland	**329.0**	363.1	-9
Sweden	**317.4**	289.5	10
Norway	**97.5**	59.5	64
Germany	**174.6**	114.4	53
Great Britain	**99.1**	89.5	11
Other	**76.2**	99.8	-24
Business areas	**1 093.9**	1 015.9	8

Depreciation, EUR million	2006	2005	Change
Continuing operations	**1–12**	1–12	%
Processing & Network			
Finland	**27.0**	28.6	- 6
Sweden	**3.8**	2.2	74
Other countries	**0.7**	0.6	26
Other	**19.2**	18.6	3
Group total	**50.7**	50.0	1

Amortization on allocated intangible assets from acquisitions, EUR million	2006	2005	Change
Continuing operations	**1–12**	1–12	%
Telecom & Media	**4.9**	4.3	15
Other	**3.8**	2.6	44
Group total	**8.7**	6.9	26

No impairment losses have been recognized during 2006 and 2005.

Capital expenditure by business area, EUR million	2006	2005	Change
Continuing operations	**1–12**	1–12	%
Processing & Network			
Finland	**22.1**	51.0	-57
Sweden	**13.2**	3.3	300
Other countries	**0.0**	0.0	-
Other	**15.6**	23.5	-34
Group total	**50.9**	77.8	-35

	Consolidated	
	31 Dec 2006	31 Dec 2005
EUR million	**Continuing Operations**	Continuing Operations

2. OTHER OPERATING INCOME

Sales of fixed assets and shares	**5.8**	14.0
Sale of business	**10.3**	7.1
Rental income	**1.5**	2.1
Government grants released	**1.0**	0.1
Other operating income	**6.5**	5.5
	25.1	28.8

3. OTHER OPERATING EXPENSES

Rental expenses for premises	**68.9**	74.4
Other operating expenses	**245.2**	172.4
	314.1	246.8

4. DEVELOPMENT COSTS

The income statement includes development costs EUR 70.3 million for 2006 corresponding to 4.3% of net sales (EUR 64.9 million for 2005 corresponding to 4.1% of net sales). The development costs for 2005 are restated due to redefinition of calculation principles.

	Consolidated	
	31 Dec 2006	31 Dec 2005
EUR million	**Continuing Operations**	Continuing Operations

5. EMPLOYEE BENEFIT EXPENSES

Wages and salaries	**701.2**	646.0
Pension costs - defined contribution plans	**80.6**	72.2
Pension costs - defined benefit plans	**5.7**	8.9
Other pay-related statutory social costs	**118.9**	110.5
Social costs for personnel warrants	**0.0**	0.1
Share-based payments	**4.0**	2.9
Other personnel costs	**28.1**	27.7
	938.5	868.3

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.

6. MANAGEMENT REMUNERATION IN 2006

Chairman of the Board

Salary and benefits	EUR 481 283
Fixed additional pay	EUR 82 500
Options and warrants	2002 A/B option programme: right to subscribe for 65 000 shares.
	The fair value of these warrants amounts to EUR 267 150 [1]
Retirement age	60
Pension level	60% of salary and benefits
Period of notice	24 months
Severance payment	none

Board of Directors

According to the decision by the AGM executives are compensated in cash only.
Deputy Chairman EUR 3 200/month and members EUR 2 100/month + committee members EUR 700/month each.
Total cash compensation to the Board of directors in 2006:

Deputy Chairman	EUR 45 900
Members	EUR 177 350
Board compensation in total	EUR 223 250

President and CEO

Salary and benefits	EUR 431 110
Bonus	0
Bonus principles	Maximum 50% of salary based on Group net sales and profit
Additional pay	EUR 50 000
Options and warrants	2002 A/B option programme: right to subscribe for 55 500 shares.
	The fair value of these warrants amounts to EUR 228 105 [1]
	2006 A option programme: right to subscribe for 10 000 shares.
	The fair value of these warrants amounts to EUR 66 300 [2]
Share ownership plan 2006–2008	Maximum 6 000 shares based on performance in 2007 (+related taxes)
Share-based payment costs in 2006	EUR 223 672
Retirement age	60
Pension level	60% of salary and benefits
Period of notice	12 months
Severance payment	equivalent to 12 months' salary.

Corporate Management Team

Excluding President and CEO	
Total salaries and benefits	EUR 2 668 419
Total bonuses	EUR 77 532 (2005 EUR 328 576)
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	2002 A/B option programme: right to subscribe for 128 755 shares.
	The fair value of these warrants amounts to EUR 529 183 [1]
	2006 A option programme: right to subscribe for 66 900 shares.
	The fair value of these warrants amounts to EUR 443 547 [2]
Share ownership plan 2006-2008	Maximum 22 600 shares based on performance in 2007 (+related taxes)
Share-based payment costs in 2006	EUR 677 791
Retirement age	varies between 60 and 65
Pension level	varies between 60% and 65% for 10 executives
	one executive member has a defined contribution plan with an annual premium of 35% of base salary
Period of notice	varies between 6 and 12 months, except one executive 24 months
Severance payment	0 for 9 executives
	1 executive: 12 months' salary if no other position within 12 months' period of notice
	1 executive: can terminate the contract after 60 years of age and get 18 months severance pay + pension premium

There were no loans to executive management on 31 December 2005 nor on 31 December 2006.
There are no guarantees on behalf of key management.

1) Calculated on the basis of the fair market value of one TietoEnator 2002 A/B stock option on 29 December 2006. The quotation on the Helsinki Exchanges on 29 December 2006 was 4.11 euros.

2) The grant value of the 2006 options is calculated using the Black&Scholes Method and the value for one option is EUR 6.63.

	Consolidated	
	31 Dec 2006	31 Dec 2005
EUR million	**Continuing operations**	Continuing operations

7. FINANCIAL INCOME AND EXPENSES

Interest expenses	**-9.5**	-4.3
Interest income	**7.4**	6.4
Exchange rate gains and losses	**-0.6**	0.2
Other financial expenses	**-0.6**	-0.9
Other financial income	**0.1**	0.7
Total	**-3.2**	2.1

8. INCOME TAXES

Current taxes	**21.7**	11.5
Deferred taxes	**15.5**	23.3
Total	**37.2**	34.8

Income tax reconciliation, EUR million

Profit before taxes	**124.5**	171.2
Tax calculated at the domestic Corporate tax rate of 26% (2005: 26%)	**32.3**	44.5
Effect of different tax rates in foreign subsidiaries	**0.9**	1.6
Taxes for prior years	**0.1**	0.1
Income not subject to tax	**-0.8**	-3.1
Expenses not deductible for tax purposes	**5.0**	1.8
Unrecognized tax losses for the period	**1.1**	0.3
Utilization of previously unrecognized tax losses	**-0.1**	-6.2
Recognized previously unrecognized tax losses	**-0.3**	-2.0
Other items	**-1.0**	-2.2
Income taxes in the consolidated income statement	**37.2**	34.8
Effective tax rate	**29.9**	20.3

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 2006 to EUR 35.6 million (end of 2005 EUR 55.4 million). The rest of this deferred tax asset is expected to be utilized by the end of 2008.

EUR million	Consolidated 31 Dec 2006	 31 Dec 2005
9. EARNINGS PER SHARE		
Net profit for the period attributable to the shareholders of the parent company (EUR million)	**243.9**	136.3
Earnings per share (EUR)		
Basic	**3.25**	1.75
Diluted	**3.25**	1.75
Number of shares during the year (1 000 shares)		
Basic		
Weighted average shares	**74 964**	78 063
Effect of dilutive stock options	**34**	104
Diluted		
Adjusted weighted average shares and assumed conversions	**74 998**	78 167

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	Consolidated 31 Dec 2006	 31 Dec 2005
10. INTANGIBLE ASSETS		
Goodwill		
At 1 Jan, net of accumulated impairment	**436.9**	286.8
Increases	-	1.6
Decreases	**-9.0**	-1.9
Acquisitions through business combinations (note 14)	**19.8**	151.6
Impairment	-	-
Exchange difference	**0.7**	-1.2
At 31 Dec, net of accumulated impairment	**448.4**	436.9
At 1 Jan		
Cost	**436.9**	305.5
Accumulated impairment	-	-18.7
Net carrying amount	**436.9**	286.8
At 31 Dec		
Cost	**448.4**	436.9
Accumulated impairment	-	-
Net carrying amount	**448.4**	436.9
Capitalized development costs		
At 1 Jan, net of accumulated amortization	**3.3**	-
Increases	**2.2**	3.3
Amortization in the period	**-0.4**	-
At 31 Dec, net of accumulated amortization	**5.1**	3.3
At 1 Jan		
Cost	**3.3**	-
Accumulated amortization	-	-
Net carrying amount	**3.3**	-
At 31 Dec		
Cost	**5.6**	3.3
Accumulated amortization	**-0.5**	-
Net carrying amount	**5.1**	3.3

EUR million	Consolidated **31 Dec 2006**	 31 Dec 2005
Other capitalized expenditure		
At 1 Jan, net of accumulated amortization	**5.6**	6.7
Increases	**1.6**	0.8
Decreases	**-1.0**	-0.2
Exchange difference	**-**	-
Amortization in the period	**-1.2**	-1.7
At 31 Dec, net of accumulated amortization	**5.0**	5.6
At 1 Jan		
Cost	**13.5**	12.6
Accumulated amortization	**-7.9**	-5.9
Net carrying amount	**5.6**	6.7
At 31 Dec		
Cost	**13.2**	13.5
Accumulated amortization	**-8.2**	-7.9
Net carrying amount	**5.0**	5.6
Intangible rights		
At 1 Jan, net of accumulated amortization	**62.2**	44.2
Increases	**25.8**	9.8
Decreases	**-2.7**	-
Acquisitions through business combinations (note 14)	**7.5**	24.4
Exchange difference	**-0.5**	-0.1
Amortization in the period	**-19.8**	-16.1
At 31 Dec, net of accumulated amortization	**72.5**	62.2
At 1 Jan		
Cost	**121.6**	87.4
Accumulated amortization	**-59.4**	-43.2
Net carrying amount	**62.2**	44.2
At 31 Dec		
Cost	**140.8**	121.6
Accumulated amortization	**-68.3**	-59.4
Net carrying amount	**72.5**	62.2
Advance payments, intangibles		
At 1 Jan	**2.8**	-
Increases		2.8
Transfers	**-2.8**	
At 31 Dec	**0.0**	2.8
Net carrying amount of intangible assets, total 31 Dec	**531.0**	510.8

	Consolidated	
EUR million	**31 Dec 2006**	31 Dec 2005

11. PROPERTY, PLANT AND EQUIPMENT

Land		
At 1 Jan	**0.8**	0.8
Increases	**-**	-
Decreases	**-**	-
Exchange difference	**-**	-
At 31 Dec	**0.8**	0.8
At 1 Jan		
Cost	**0.8**	0.8
Net carrying amount	**0.8**	0.8
At 31 Dec		
Cost	**0.8**	0.8
Net carrying amount	**0.8**	0.8
Buildings and structures		
At 1 Jan, net of accumulated depreciation	**6.1**	3.9
Increases	**0.1**	0.6
Decreases	**-1.3**	-2.1
Acquisitions through business combinations (note 14)	**1.2**	4.0
Depreciation in the period	**-0.4**	-0.3
Exchange difference	**0.0**	0.0
At 31 Dec, net of accumulated depreciation	**5.7**	6.1
At 1 Jan		
Cost	**11.0**	7.0
Accumulated depreciation	**-4.9**	-3.1
Net carrying amount	**6.1**	3.9
At 31 Dec		
Cost	**8.6**	11.0
Accumulated depreciation	**-2.9**	-4.9
Net carrying amount	**5.7**	6.1
Machinery and equipment		
At 1 Jan, net of accumulated depreciation	**53.3**	72.0
Increases	**44.9**	16.4
Decreases	**-9.0**	-4.9
Acquisitions through business combinations (note 14)	**1.0**	3.0
Depreciation in the period	**-29.9**	-31.8
Exchange difference	**-0.1**	-1.4
At 31 Dec, net of accumulated depreciation	**60.2**	53.3
At 1 Jan		
Cost	**234.9**	231.9
Accumulated depreciation	**-181.6**	-159.9
Net carrying amount	**53.3**	72.0
At 31 Dec		
Cost	**249.4**	234.9
Accumulated depreciation	**-189.2**	-181.6
Net carrying amount	**60.2**	53.3

EUR million	Consolidated **31 Dec 2006**	31 Dec 2005
Capitalized finance lease		
At 1 Jan, net of accumulated depreciation	**22.3**	7.5
Increases	**3.0**	22.8
Decreases	**-1.2**	-0.5
Depreciation in the period	**-7.5**	-7.5
Exchange difference	**0.1**	0.0
At 31 Dec, net of accumulated depreciation	**16.7**	22.3
At 1 Jan		
Cost	**39.3**	17.3
Accumulated depreciation	**-17.0**	-9.8
Net carrying amount	**22.3**	7.5
At 31 Dec		
Cost	**37.4**	39.3
Accumulated depreciation	**-20.7**	-17.0
Net carrying amount	**16.7**	22.3
Other tangible assets		
At 1 Jan, net of accumulated depreciation	**1.2**	1.0
Increases	**-**	0.9
Decreases	**-0.3**	-0.3
Acquisitions through business combinations (note 14)	**0.1**	0.0
Depreciation in the period	**-0.1**	-0.4
At 31 Dec, net of accumulated depreciation	**0.9**	1.2
At 1 Jan		
Cost	**2.7**	3.9
Accumulated depreciation	**-1.5**	-2.9
Net carrying amount	**1.2**	1.0
At 31 Dec		
Cost	**2.2**	2.7
Accumulated depreciation	**-1.3**	-1.5
Net carrying amount	**0.9**	1.2
Advance payments and work in progress		
At 1 Jan	**16.9**	1.9
Increases	**1.2**	15.1
Transfers	**-14.5**	-0.1
At 31 Dec	**3.6**	16.9
Net carrying amount of tangible assets, total 31 Dec	**87.9**	100.6

	Consolidated	
EUR million	**31 Dec 2006**	31 Dec 2005

12. INVESTMENTS IN ASSOCIATED COMPANIES

At 1 Jan	**5.0**	12.4
Share of profit or losses	**0.2**	0.2
Dividends received	**-0.6**	-0.9
Increase	**0.0**	1.2
Decrease	**-2.3**	-7.8
Exchange rate differences	**0.0**	-0.1
At 31 Dec	**2.3**	5.0

Investments in associated companies included goodwill EUR 0.2 million on 31 December 2006 (EUR 0.8 million in 2005).
In 2006 the shares of DocHotel i Stockholm AB (25%) and UAB Baltic Data Center (40%) were sold. The net capital gain was EUR 0.2 million.

Summarized financial information of TietoEnator's principal associates, all of which are unlisted, were as follows:

	Assets	Liabilities	Net sales	Profit / (Loss)
2006	12.3	5.2	37.4	0.1
2005	15.0	5.2	48.0	1.7

	Country of incorporation	% interest held
2006		
FD Finanssidata Oy	Finland	30%
Helsekomponenter AS	Norway	22%
2005		
FD Finanssidata Oy	Finland	30%
DocHotel i Stockholm AB	Sweden	25%
UAB Baltic Data Center	Lithuania	40%
Helsekomponenter AS	Norway	22%

	31 Dec 2006
EUR million	**Book value**

13. OTHER NON-CURRENT ASSETS

Other shares and securities owned by the parent company

LifeIT Oyj	**0.1**
Right of residence Almen 10, Solna	**0.1**
Tapiolan Monitoimiareena Oy	**0.1**
Other shares and securities	**0.1**
	0.4

EUR million	31 Dec 2006 Book value
Other shares and securities owned by subsidiaries	
Residence in France	**0.2**
Right of residences in Stockholm	**0.4**
Right of residences in Åre	**0.2**
Vierumäen Kuntorinne Oy	**0.1**
Other shares and securities	**0.1**
	1.0

14. BUSINESS COMBINATIONS

Acquisition of Manpower's payroll outsourcing operations

In February 2006 TietoEnator's subsidiary Personec acquired the entire share capital of Manpower Business Solutions Service Center AB, a provider of payroll and Human Resource outsourcing services in the Nordic countries. The fair value of the identifiable assets and liabilities of Manpower Business Solutions Service Center AB at the date of acquisitions were:

	EUR million Recognized on acquisition	EUR million Carrying value
Intangible assets	2.7	0.0
Receivables	1.6	1.6
Cash and cash equivalents	0.8	0.8
	5.2	2.5
Deferred tax liabilities	0.8	0.0
Current liabilities	2.3	2.3
	3.0	2.3
Fair value of net assets	2.1	0.2
Goodwill arising on acquisition	23.6	
	25.7	

The goodwill is attributable to significant synergies expected to arise after the acquisition of the business.
The total cost of the combination was EUR 25.7 million and comprised cash paid and costs directly attributable to the combination.

	EUR million
Paid in cash	25.6
Total directly attributable costs	0.2
Total cost of business combinations	25.7

Cash outflow on the acquisition:

	EUR million
Net cash acquired in the business combinations	0.8
Cash paid	25.6
Net cash outflow	-24.7

From the date of acquisition, Manpower Business Solutions Service Center has contributed EUR 11.7 million to the revenue and EUR 1.1 million to the operating profit of the Group after amortization on the fair value of intangible assets. The business was divested along with Personec in December 2006.

Other acquisitions during 2006 and acquisitions effective from 1 January 2007

TietoEnator made the following acquisitions during 2006 which are all individually considered immaterial. The ownership in these acquisitions is 100% unless otherwise stated.

- Waldbrenner AG, healthcare IT provider specializing in patient administration and clinical documentation systems, effective from January 2006
- Business operations of Sofnetix Oy, a company specializing in software development for wireless and mobile systems, effective from March 2006
- Telenor Business Consulting, providing services in the areas of business development, project management and bid management in the Norwegian telecom sector, effective from April 2006
- RTS Networks Ltd., a provider of telecom R&D (Research & Development) services, effective from July 2006, ownership 51% with an option held by minority shareholders to sell the remaining shares to TietoEnator
- Business of TOPAS Consulting GmbH, SAP consultant in the energy sector, effective from October 2006
- Cymed AG, healthcare IT provider specializing in hospital information solutions and hygiene software for hospitals and laboratories, effective from October 2006
- LapsCare AB, specializing in IT support for resource optimization in elderly care, home care and home nursing, effective from October 2006
- Business of Quickclic Finland Oy, specializing in interactive and wireless communication services for the social welfare and healthcare sectors, effective from October 2006

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	7.5	0.1
Property, plant and equipment	2.3	2.0
Receivables	1.7	1.7
Inventory	0.2	0.2
Cash and cash equivalents	2.0	2.0
	13.7	5.9
Other non-current liabilities	0.7	0.8
Deferred tax liabilities	2.4	0.1
Current liabilities	2.5	2.5
	5.7	3.4
Fair value of net assets	8.0	2.5
Goodwill arising on acquisition	19.8	
	27.7	

The goodwill is attributable to synergies from combined product or service offerings, new competences and increased market share after the acquisition of the businesses.
The total cost of the combinations was EUR 27.7 million and comprised cash paid, costs directly attributable to the combinations and reservations for additional purchase price payments:

	EUR million
Paid in cash	23.7
Total directly attributable costs	0.4
Total reservations for additional price payments	3.7
Total cost of business combinations	27.7

Cash outflow on the acquisitions:

	EUR million
Net cash acquired in the business combinations	2.0
Cash paid	23.7
Net cash outflow	-21.7

Since the dates of acquisition, the acquired units have contributed about EUR 13.8 million to the revenue and EUR 1.8 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 27 million and profit about EUR 3 million.

The following deals were announced at the beginning of 2007:
- Abaris AB, a specialist in securities processing solutions, effective from January 2007
- Provisio AB, healthcare IT provider specializing in operating room information systems, effective from February 2007

The assets, liabilities and goodwill arising from the acquisitions are provisionally determined as follows:

	EUR million Recognized on acquisition	EUR million Carrying value
Total purchase consideration	15.5	
Intangible assets	3.5	0.0
Other assets	6.1	6.1
Liabilities	3.7	2.7
Fair value of assets acquired	6.0	3.4
Goodwill	9.5	

The goodwill is attributable to synergies from combined product and service offerings, markets and customer base after the acquisition of the businesses.

These acquisitions are expected to contribute about EUR 12 million to the net sales and EUR 1 million to the operating profit of the Group in 2007.

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 10% and 18%.

Carrying amount of goodwill allocated to CGUs and segments

The total goodwill at 31 Dec 2006 was EUR 448.4 million. The increase compared to 31 Dec 2005 is EUR 11.5 million.

Three individual CGUs, Banking & Insurance Solutions' consulting and system integration business, Telecom & Media Telecom Solutions and Telecom & Media Telecom R&D Infrastructure, contain goodwill that may be considered significant in comparison with the Group's total carrying amount of goodwill.

Banking & Insurance Solutions' consulting and system integration is a business operation providing financial, banking and payment solutions and related services to selected customers in its market segment. The carrying amount of goodwill allocated to the CGU at 31 Dec 2006 was EUR 107.6 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 12% and 14% and the EBITDA margin between 13% and 17%. 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 15.0%.

Telecom & Media Telecom Solutions is a business operation providing services to selected customers in its market segment. The carrying amount of goodwill allocated to the CGU at 31 Dec 2006 was EUR 76.8 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 is 2% and the EBITDA margin is 11%. 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 12.9%.

Telecom & Media Telecom R&D Infrastructure is a similar business operation. The carrying amount of goodwill allocated to the CGU at 31 Dec 2006 was EUR 72.7 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 2% and 6% and the EBITDA margin between 12% and 13%. 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 15.9%.

If the revised estimated growth or EBITDA margin in the three CGUs above during the initial three-year period had been 10% lower than management's estimates at 31 Dec 2006, no impairment losses would have been recognized. No impairment losses would have been recognized either if the revised estimated pre-tax discount rate applied to the discounted cash flows had been 10% higher than management's estimates.

The carrying amounts of the goodwill allocated to the CGUs are disclosed by segment below (EUR million):

Carrying amount of goodwill	
Banking & Insurance	124.8
Telecom & Media	193.1
Other Segments	130.5
Total	448.4

As a result of the impairment testing no losses were identified in 2006.

EUR million	Consolidated 31 Dec 2006	31 Dec 2005

16. INTEREST IN JOINT VENTURES

TietoEnator's share of the assets, liabilities, net sales and expenses of its joint ventures are as follows at 31 Dec:

Current assets	**62.9**	55.1
Non-current assets	**3.3**	2.8
	66.2	57.9
Current liabilities	**40.4**	34.5
Non-current liabilities	**0.7**	1.1
	41.1	35.6
Revenue	**128.9**	104.3
Expenses	**-113.2**	-91.5
Financial income and expenses	**0.6**	0.3
Profit before income tax	**16.3**	13.1
Income tax expense	**-4.1**	-4.4
Net profit	**12.2**	8.7

TietoEnator's joint ventures at 31 Dec 2006

	Number	Share %	Business Area	Book value EUR million
Fidenta Oy	8 000	80.0	Banking & Insurance	1.1
Primasoft Oy	18 000	60.0	Banking & Insurance, Processing & Network	14.0
TietoEnator Esy Oy	7 300	80.0	Banking & Insurance	2.6
TietoIlmarinen Oy	3 570	70.0	Banking & Insurance	1.8
Tietokarhu Oy	8 000	80.0	Government, Manufacturing & Retail	0.3
TietoSaab Systems Oy	60 000	60.0	Government, Manufacturing & Retail	0.9
TKP Tieto Oy	1 018	67.9	Banking & Insurance	3.1
				23.8

17. DEFERRED TAXES

Changes in deferred tax assets and liabilities during 2006:

	1 Jan 2006	Charged to income statement	Charged to equity	Acquisitions and disposals	**31 Dec 2006**
Deferred tax asset					
Restructuring costs	0.1	-0.1	-	-	**-**
Other provisions	0.2	0.1	-	-	**0.3**
Employee benefits	13.0	-5.5	-	-1.2	**6.3**
Depreciation difference	17.3	4.8	-	-	**22.1**
Finance lease		1.1	-	-	**1.1**
Other temporary difference	3.9	2.1	-	-0.7	**5.3**
Tax losses carried forward	63.8	-23.2	-	-0.5	**40.1**
Total	98.3	-20.7	-	-2.4	**75.2**
Deferred tax liability					
Depreciation difference	3.5	1.3	-	-3.4	**1.4**
Intangible assets	11.2	1.6	-	5.3	**18.1**
Employee benefits	0.8	-0.8	-	-	**-**
Appropriations	5.6	-5.1	-	-	**0.5**
Other temporary difference	2.2	-2.2	-	-	**-**
Total	23.3	-5.2	-	1.9	**20.0**
Net deferred tax assets and change in income statement	75.0	-15.5			**55.2**

At 31 December, 2006 the Group had recognized tax losses carried forward totalling EUR 40.1 million (EUR 63.8 million in 2005), of which EUR 0.8 million had no expiry date and EUR 0.2 million expire during the years 2007–2011 and the remainder expire thereafter. At 31 December, 2006 the Group had tax losses carried forward totalling EUR 1.6 million (EUR 4.1 million in 2005), for which no deferred tax asset was recognized due to uncertainty of utilization. The Group does not recognize deferred taxes on undistributed earnings of subsidiaries if 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	Consolidated **31 Dec 2006**	31 Dec 2005
18. TRADE AND OTHER RECEIVABLES		
Trade receivables	**321.3**	306.9
Prepaid expenses and accrued income		
Unbilled earned net sales	**76.1**	79.1
Licence fees	**19.3**	16.6
Rents	**4.2**	4.5
Social costs	**2.7**	4.8
Accrued interest income	**0.1**	0.2
Mainframe computer costs	**3.0**	2.8
Other prepaid expenses	**22.7**	21.9
Other	**20.3**	20.3
Pension benefit asset	**2.8**	3.2
Other	**30.5**	12.4
	503.0	472.7

19. CASH AND CASH EQUIVALENTS

Cash in hand and at bank	**47.2**	76.9
Short-term deposits	**91.7**	23.0
Cash and cash equivalents	**138.9**	99.9

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 Jan 2005	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
Cancellation of own shares	-4 144 322	-4.2	4.2	0.0
Transfer from/to retained earnings			-35.0	-35.0
31 Dec 2005	78 743 322	78.7	62.7	141.4
Translation difference			2.3	2.3
Exercise of share options	2 000	0.0	0.0	0.0
Cancellation of own shares	-2 903 860	-2.9	2.9	0.0
Transfer from/to retained earnings			0.9	0.9
31 Dec 2006	75 841 462	75.8	68.8	144.6

During the year 2006 TietoEnator repurchased a total of 2 245 000 own shares. The purchase price was EUR 52.3 million which is currently presented as a decrease in equity. Shares are held as treasury stock. During 2006, the authorized share capital was decreased by EUR 2.9 million through cancellation of the repurchased shares from 2005.

21. STOCK OPTIONS AND SHARE INCENTIVES

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 A warrants released from the II/2000 bond are identical and listed as one class. At commencement of the share subscription period for the B,C, and D warrants the warrants were combined into A warrants.

Initial number of warrants		3 700 000	
Number of warrants outstanding on	31 December 2005	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		3 003 245	*)
Total number of warrants outstanding on	31 December 2006	0	
Number of warrants held by TietoEnator Corp. on	31 December 2006	0	
Total number of warrants exercisable on	31 December 2006	0	
Share subscription period	A warrant: 2 May 2003 – 31 May 2006		
	B warrant: 24 October 2003 – 31 May 2006		
	C warrant: 22 April 2004 – 31 May 2006		
	D warrant: 21 October 2004 – 31 May 2006		
Share subscription terms	1 share for EUR 54.50 per share in exchange for one warrant		

*) Also includes the stock options held by TietoEnator Corporation, i.e. 25 000 options

TietoEnator 2002 Stock Options

2002 A stock options		
Initial number of stock options		500 000
Number of stock options outstanding on	31 December 2005	449 220
Number of stock options forfeited during the year		0
Number of stock options exercised during the year		1 250
Number of stock options expired during the year		0
Number of stock options merged into 2002 A/B on	12 December 2006	447 970
Total number of stock options outstanding on	31 December 2006	0
Number of stock options held by TietoEnator Corp. on	31 December 2006	0
Total number of stock options exercisable on	31 December 2006	0
Share subscription period	1 December 2005 – 30 June 2009	
Share subscription terms	1 share in exchange for 1 stock option 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 2006 the share subscription price was EUR 23.38.	

2002 B stock options		
Initial number of stock options		1 300 000
Number of stock options outstanding on	31 December 2005	960 300
Number of stock options granted during the year		2 000

Number of stock options forfeited during the year		77 000	
Number of stock options annulled during the year		386 530	
Number of stock options exercised during the year		0	
Number of stock options expired during the year		0	
Number of stock options merged into 2002 A/B on	12 December 2006	962 300	*)
Total number of stock options outstanding on	31 December 2006	0	
Number of stock options held by TietoEnator Corp. on	31 December 2006	0	
Total number of stock options exercisable on	31 December 2006	0	
Share subscription period	1 December 2006–30 June 2009		
Share subscription terms	1 share in exchange for 1 stock option The share subscription price is EUR 27.73. The amount of the dividend decided after the 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 2006 the share subscription price was EUR 23.38		

*) Includes also the Stock Options held by TietoEnator Corporation, i.e. 77 000 pieces

2002 A/B Stock options (the above A and B options in total after combination)			
Initial number of Stock Options		1 410 270	*)
Number of stock options outstanding on	12 December 2006	1 333 270	
Number of stock options forfeited during the year		0	
Number of stock options exercised during the year		0	
Number of stock options expired during the year		0	
Total number of stock options outstanding on	31 December 2006	1 333 270	
Number of stock options held by TietoEnator Corp. on	31 December 2006	77 000	
Total number of stock options exercisable on	31 December 2006	1 333 270	
Share subscription period	1 December 2005/2006–30 June 2009		
Share subscription terms	1 share in exchange for 1 stock option The share subscription price is EUR 27.73. The amount of the dividend decided after the 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 2006 the share subscription price was EUR 23.38.		

*) TietoEnator 2002 A and 2002 B Stock Options merged into 2002 A/B Options on 12 December 2006. The number includes also the Stock Options held pieces by TietoEnator Corporation, i.e. 77 000

TietoEnator 2006 Stock Options		
2006 A Stock Options		
Initial number of Stock Options		600 000
Number of stock options outstanding on	31 December 2005	0
Number of stock options granted during the year		485 900
Number of stock options forfeited during the year		1 300
Number of stock options annulled during the year		0
Number of stock options exercised during the year		0
Number of stock options expired during the year		0
Total number of stock options outstanding on	31 December 2006	484 600
Number of stock options held by TietoEnator Corp.on	31 December 2006	115 400
Total number of stock options exercisable on	31 December 2006	0
Share subscription period	1 March 2009–31 March 2011	
Share subscription terms	1 share in exchange for 1 stock option The share subscription price is EUR 29.72.*) The amount of the dividend decided after the end of the share subscription price determination period 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 2006 the share subscription price was EUR 29.72.	

*) For stock option 2006 A, the share subscription price is the trade volume weighted average quotation of the TietoEnator share, rounded off to the nearest cent, on the Helsinki Stock Exchange during the two-month period immediately following the publication date of the financial statements for 2005.

Information related to stock options during 2003 – 2006		Number of shares	Weighted average exercise price
Shares under option 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
Shares under option 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
Shares under option at	**31 December 2005**	4 412 765	44.8
Granted		487 900	29.7
Exercised		1 250	23.4
Forfeited		78 300	23.5
Expired		3 028 245	54.5
Shares under option at	**31 December 2006**	1 817 870	25.1

The options outstanding by range of exercise prices at 31 December 2006

Options outstanding				Vested options outstanding	
Exercise price	Number of shares	Weighted average remaining contractual life in years	Weighted average exercise price	Number of shares	Weighted average exercise price
EUR			EUR		EUR
23.38 – 29.72	1 817 870	3.0	25.10	1 333 270	23.40

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 of the 2006 options is calculated on the basis of the actual volatility for the period prior to grant equalling the length of the contractual life time of the options. For the 2002 options the volatility is the average volatility during the 12 months prior to grant. The risk-free interest rate is the average continuously compounded yield on a 10-year government bond.

The fair values for the 2002 and 2006 stock options have been calculated on the basis of the following weighted average assumptions:

	2006	2005	2004	2003
Subscription price of the underlying share	**29.72**	24.23	25.73	26.23
Fair market value of the underlying share	**22.60**	24.67	24.89	14.63
Expected volatility	**38.4%**	30.0%	30.0%	30.0%
Risk-free interest	**3.8%**	3.0%	3.0%	3.0%
Expected contractual life in years	**4.8**	4.0	5.2	6.2
Expected dividends	**0.0%**	0.0%	0.0%	0.0%

The weighted average fair value of the stock options on the grant date was 6.63 euros in 2006, 8.48 euros in 2005, 7.73 euros in 2004, and 2.11 euros in 2003.

TietoEnator Share Ownership Plan 2006-2008

In December 2005 the Board of Directors of TietoEnator Corporation 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. 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 first shares were to be allocated in 2007 based on the financial performance in 2006. The allocation was based on TietoEnator Group's Earnings per Share (EPS) increasing 10-30% compared with 2005. For 2006 TietoEnator did not reach the minimum target level, so no share incentives will be paid out to the participants.

The allocation regarding the second performance period, year 2007, requires improvement in TietoEnator Group's Earnings per Share (EPS) compared with 2006. The maximum allocation requires 30% improvement in EPS.

	Consolidated	
EUR million	**31 Dec 2006**	31 Dec 2005

22. PENSION BENEFIT PLANS

Defined benefit obligation	**147.1**	162.0
Fair value of plan assets	**-106.1**	-117.6
Pension obligations less plan assets	**41.0**	44.4
Unrecognized past service cost		
Unrecognized net acturial gains/losses	**1.3**	1.9
Provisions for pension obligations	**42.3**	46.3
Additional employer´s contribution in Sweden	**2.2**	4.7
Other pension commitments in TietoEnator Corporation/parent company	**1.9**	2.4
Total provisions for pension obligations	**46.4**	53.4

EUR 0.0 (3.2) million included in non- interest- bearing assets are related to share of external pension fund.

Amounts recognized in profit and loss

Current service cost	**6.2**	7.8
Interest cost	**6.1**	7.8
Expected return on plan assets	**-4.8**	-6.0
Gains and losses on curtailments and settlements	**-1.9**	-0.9
Amortization of actuarial gains/losses	**0.1**	0.2
Pension expenses	**5.7**	8.9
Actual return on plan assets	**5.7**	10.2

Amounts recognized in balance sheet

Present value of pension obligations		
Opening balance	**162.0**	154.9
Current service cost	**6.2**	7.8
Interest cost	**6.1**	7.8
Benefits paid	**-1.1**	-0.7
Operations acquired/divested	**-6.7**	2.6
Curtailment and settlement	**-23.7**	-12.1
Actuarial gains/losses	**1.6**	5.7
Exchange rate difference	**2.7**	-4.0
Closing balance	**147.1**	162.0
Plan assets		
Opening balance	**117.6**	107.9
Expected return on plan assets	**4.8**	6.0
Contribution to pension fund	**7.4**	7.6
Curtailment and settlement	**-4.3**	-8.0
Operations acquired/divested	**-23.1**	0.7
Actuarial gains/losses	**1.6**	5.8
Exchange rate difference	**2.1**	-2.4
Closing balance	**106.1**	117.6
Actuarial gains/losses		
Opening balance, actuarial gains/losses	**1.9**	2.5
Actuarial gains/losses	**-0.9**	-0.7
Exchange rate difference	**0.3**	0.1
Closing balance	**1.3**	1.9

EUR million	Consolidated 31 Dec 2006	31 Dec 2005
Operations acquired/divested		
Increase/decrease in pension obligations	**-6.7**	2.6
Increase/decrease in plan assets	**-23.1**	-0.7
Net position	**-29.8**	1.9
Actuarial calculation assumptions		
Discount rate	**4.0-5.0**	4.0-5.0
Expected return on plan assets	**5.0-5.5**	5.5
Salary increase	**2.25-3.5**	2.75-3.5
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	Consolidated 31 Dec 2006	31 Dec 2005

23. PROVISIONS

At 1 Jan	**9.6**	13.0
New provision	**1.7**	8.5
Use of provision	**-5.2**	-7.2
Reversal of provision	**-2.7**	-4.7
At 31 Dec	**3.4**	9.6

Provisions mainly include rent commitments for excess premises and costs for terminations.

24. FINANCE LEASES

Finance lease liabilities

Future minimum lease payments and their present value under finance lease agreements were as follows:

Finance lease future payments

Within one year	**12.1**	10.3
Between one and five years	**1.3**	12.5
After five years	**0.4**	0.4
	13.9	23.2

Present value of future minimum lease payments

Within one year	**11.8**	9.8
Between one and five years	**1.3**	12.1
After five years	**0.4**	0.4
	13.5	22.2
Future interest charge	**0.4**	1.0

TietoEnator Corporation has finance leases for computers and other IT equipment. Certain leases include purchase options.
Renewals are subject to separate negotiations.

EUR million	Consolidated 31 Dec 2006	31 Dec 2005
Finance lease receivables		
Gross investments of dedicated assets	**19.5**	17.7
Present value of minimum lease payment receivable	**12.5**	10.4
Present value of minimum lease payment receivable		
Within one year	**5.6**	4.6
Between one and five years	**6.9**	5.7
After five years	**0.0**	0.1

TietoEnator adopted IFRIC 4 (Financial Reporting Interpretations Committee's intepretation on accounting of leasing contracts) from the beginning of 2006. As a result a total of EUR 5.4 million of invoicing from customers was recognized as leasing contracts and not as net sales, mostly in Processing & Network in full year. The interpretation has been applied retroactively for 2005 and in full year 2005 the impact was EUR 5.1 million. IFRIC 4 also lowered depreciation by EUR 5.1 (4.6) million and increased the Group's interest income by EUR 0.3 (0.5) million.

25. INTEREST-BEARING LOANS AND BORROWINGS

Long-term		
Bank loans	**0.3**	55.7
Bonds	**150.0**	50.0
Other loans	**3.3**	0.3
Finance lease liabilities	**1.7**	12.4
Shareholders' loan	**0.8**	37.0
	156.1	155.4
Short-term		
Bank loans	**0.1**	52.1
Finance lease liabilities	**11.8**	9.8
Commercial papers	**75.4**	80.0
Other loans	**1.5**	13.2
	88.9	155.1

Long-term loans will expire in the following way:

1-5 years	**5.7**	
6 years	**50.4**	
7 years	**100.0**	
	156.1	

Interest rates of interest-bearing loans and borrowings

%	31 Dec 2006	31 Dec 2005
Loans and borrowings	**0.0 - 6.4**	2.4 - 4.75
Finance leases	**2.7 - 8.3**	0.7 - 9.4
Shareholders' loan	**0.0**	10.0

Bond 50 million carries a floating rate fixed to 6 months euribor.
Bond 100 million carries a fixed interest rate for 7 years.
Loans are considered to approximate their fair value.

	Consolidated	
EUR million	**31 Dec 2006**	31 Dec 2005

26. TRADE AND OTHER PAYABLES

Trade payables	**52.9**	53.7
Advances received	**76.6**	54.9
Accrued liabilities and deferred income		
Net sales	**11.7**	19.9
Vacation pay and related social costs	**91.7**	97.4
Other accrued payroll and related social costs	**36.6**	31.1
Prepaid interest income	**1.4**	6.7
Other accrued expenses	**59.1**	51.5
Other	**20.3**	20.3
Value-added tax debt	**36.6**	46.7
Other	**23.7**	26.3
	410.6	408.5

27. COMMITMENTS AND CONTINGENCIES

For TietoEnator obligations		
Pledges	**0.0**	0.8
On behalf of associated companies		
Guarantees	**1.4**	1.5
Other TietoEnator obligations		
Rent commitments due in one year	**62.4**	60.8
Rent commitments due in 1–5 years	**174.3**	173.5
Rent commitments due after 5 years	**5.7**	9.5
Operating lease commitments due in one year	**7.2**	8.9
Operating lease commitments due in 1–5 years	**7.0**	8.3
Operating lease commitments due after 5 years	**0.0**	0.6
Other commitments	**25.8** *)	71.1

Operating lease commitments are principally three-year lease agreements that do not include buyout clauses.

*) Including EUR 19.3 million commitment mainly for purchase of hardware

Notional amounts of derivative financial instruments

Foreign exchange forward contracts	**423.2**	289.5
Interest rate swap	**2.0**	2.0

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**	-0.9
Interest rate swap	**-0.2**	-0.1

Derivatives are used for hedging purposes only.

	Consolidated	
EUR million	**31 Dec 2006**	31 Dec 2005

28. FUTURE RENTAL INCOME

Within one year	**1.4**	0.9
Between one and five years	**0.7**	0.7
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, President and CEO and Corporate Management Team.

Transactions and balances with associated companies

Sales	**8.5**	9.0
Purchases	**0.0**	1.0
Receivables	**0.1**	0.4
Liabilities	**0.0**	0.1

Sales to and purchases from related parties are made at normal market price.

Key management compensation
The Board of Directors, President and CEO and Corporate Management Team.

See Note 6 of the consolidated financial statements.

30. DISCONTINUED OPERATIONS

In December 2006 TietoEnator sold its holding in Personec Group to Nordic Capital. Personec is the largest supplier of business support, especially payroll, HR and financial management services and solutions, in the Nordic countries. The transaction was a natural step that concluded the process that was started in July 2004, when TietoEnator took Nordic Capital as an investor to develop the business of Personec. Personec employs close to 1 300 experts and had net sales of EUR 129 million in 2005. As a result of the divestment Personec is treated as a discontinued operation in TietoEnator's financial statements for 2006.

	1 Jan–30 Nov 2006	1 Jan–31 Dec 2005
Net sales	**135.3**	129.1
Expenses	**-121.1**	-115.4
Net financial expenses	**-10.3**	-11.3
Pretax profit	**3.9**	2.4
Taxes	**-0.2**	-0.8
	3.7	1.6
Capital gain on disposal	**156.0**	-
Net result from discontinued operations	**159.7**	1.6

The capital gain has no impact on taxes. Cash flow from discontinued operations is presented in the statement of cash flow.

31. EVENTS AFTER THE BALANCE SHEET DATE

In January 2007 TietoEnator agreed to acquire Swedish Abaris AB specializing in securities processing solutions. The company employs some 86 people in Stockholm, Gävle, Helsinki and Oslo and net sales in 2007 are expected to amount to EUR 10 million. The acquisition was effective as of January 2007.

Also in January 2007 TietoEnator and ÅF Group, a Swedish technical consulting company, agreed on TietoEnator taking over ÅF Group's internal IT operations. TietoEnator will provide operational IT services and the technical infrastructure for the ÅF Group. Around 20 people will move to TietoEnator. The contract starting from February 2007 will run for three years and has a value of around EUR 12 million. In January 2007 TietoEnator closed the acquisition of Provisio AB in Sweden. The company specializes in operating room information systems and has seven employees in Lund. At the beginning of February 2007 TietoEnator took over Ericsson's design centre in Aarhus, Denmark, with 86 employees. The design centre supplies IP software building blocks used in Ericsson products.

Subsidiary Shares

EUR million	Share %	31 Dec 2006 Book value
SUBSIDIARY SHARES		
Subsidiary shares owned by the parent company		
C and SAA Oy, Finland	100.0	0.0
Cymed AG, Germany	100.0	5.6
Kiinteistö Oy Villa Upinniemi, Finland	80.0	3.4
Pentec Ltd, Great Britain	100.0	3.0
PT TietoEnator Indonesia, Indonesia	100.0	0.1
TietoEnator Alise, SIA, Latvia	51.0	2.6
TietoEnator A/S, Denmark	100.0	21.1
TietoEnator AS, Norway	100.0	105.9
TietoEnator Austria GmbH, Austria	100.0	0.0
TietoEnator Banking & Insurance Oy, Finland	100.0	29.1
TietoEnator Broadcasting IT Oy, Finland	80.0	0.8
TietoEnator Canada Inc., Canada	100.0	0.1
TietoEnator ComNet S.p.a, Italy	65.0	7.1
TietoEnator Consulting B.V., Netherlands	100.0	1.8
TietoEnator Czech s.r.o., Czech Republic	100.0	7.0
TietoEnator Deutschland GmbH, Germany	100.0	105.8
TietoEnator Digital Innovations Oy, Finland	99.0	0.1
TietoEnator Eesti AS, Estonia	100.0	0.1
TietoEnator Financial Solutions UK Ltd, Great Britain	100.0	49.5
TietoEnator Forest & Energy Oy, Finland	100.0	5.9
TietoEnator France S.A, France	100.0	5.8
TietoEnator GMR Oy, Finland	41.2	2.1
TietoEnator Healthcare & Welfare Oy, Finland	100.0	2.6
TietoEnator Healthcare B.V., Netherlands	100.0	1.4
TietoEnator Inc., USA	100.0	17.2
TietoEnator Information Technology (Beijing) Co., Ltd., China	100.0	0.7
TietoEnator Libraries Oy, Finland	51.3	0.0
TietoEnator N.V., Belgium	100.0	0.0
TietoEnator OOO, Russia	100.0	0.1
TietoEnator Processing & Network Oy, Finland	94.0	46.9
TietoEnator Professional Services AB, Sweden	100.0	310.8
TietoEnator Resource Management Holding AB, Sweden	100.0	12.6
TietoEnator Retail & Distribution Services Oy, Finland	100.0	19.8
TietoEnator RTS Spolka zo.o, Poland	51.0 *)	1.1
TietoEnator Sdn Bhd, Malaysia	100.0	0.2
TietoEnator SIA, Latvia	100.0	4.0
TietoEnator Support OÜ, Estonia	60.0	0.2
Tietoenator – Tecnologias de Informação, Unipessoal, Lda, Portugal	100.0	0.0
TietoEnator Telecom & Media Oy, Finland	100.0	38.3
TietoEnator UK Ltd, Great Britain	100.0	0.4
UAB TietoEnator, Lithuania	100.0	2.6
Dormant subsidiaries (3 in total)		0.0
		815.8

*) The company is consolidated 100% because in addition to 51% of the votes TietoEnator has potential convertible voting rights of 49%

EUR million	Share %	31 Dec 2006 **Book value**
Shares in Group companies owned by subsidiaries		
Banxolutions (UK) Ltd., Great Britain	100.0	0.0
Baysoft Technologies S.r.l., Italy	100.0	0.1
C&S Healthcare Management AB, Sweden	100.0	0.0
Entra AB, Sweden	100.0	0.1
Entra B.V.i.o, Netherlands	100.0	0.0
IT Alise Eesti, Estonia	100.0	0.0
Laps Care AB, Sweden	100.0	2.8
SIA E-Protect, Latvia	51.0	0.0
Teledynamics B.V., Netherlands	100.0	0.0
TietoEnator AttentiV Systems Ltd, Great Britain	100.0	85.4
TietoEnator Business Support Sweden AB, Sweden	100.0	0.0
TietoEnator Digital Innovations AB, Sweden	100.0	1.0
TietoEnator Digital Innovations Oy, Finland	1.0	0.0
TietoEnator Energy Inc., USA	100.0	0.2
TietoEnator Finance Partner AB, Sweden	100.0	0.9
TietoEnator Financial Solutions AB, Sweden	100.0	0.5
TietoEnator Financial Solutions ASA, Norway	100.0	39.2
TietoEnator Financial Solutions S.A., Luxembourg	100.0	0.0
TietoEnator Forest & Energy AB, Sweden	100.0	6.8
TietoEnator GM&R AB, Sweden	100.0	1.3
TietoEnator GMR Oy, Finland	58.9	1.2
TietoEnator Healthcare & Welfare AB, Sweden	100.0	0.4
TietoEnator MAJIQ Inc., USA	100.0	16.8
TietoEnator Media Systems AB, Sweden	100.0	0.7
TietoEnator Processing & Network AB, Sweden	100.0	9.2
TietoEnator Prosessing & Network Oy, Finland	6.0	1.2
TietoEnator R&D Services AB, Sweden	100.0	8.0
TietoEnator SK s.r.o., Slovakia	100.0	0.0
TietoEnator Software Technologies Pvt. Ltd, India	100.0	0.1
TietoEnator Sverige AB, Sweden	100.0	213.8
TietoEnator Telecom & Media AB, Sweden	100.0	72.4
TietoEnator Topas GmbH, Germany	100.0	5.5
TietoEnator (UK no. 1) Ltd, Great Britain	100.0	7.2
Dormant subsidiaries (6 in total)		0.0
		474.7

Calculation of Key Figures

Earnings per share	=	Net profit for the period / Adjusted average number of shares	
Equity/share	=	Total equity / Adjusted number of shares at the year end	
Return on equity %	=	Profit before taxes and minority interests - income taxes / Total equity (12-month average)	x 100
Return on capital employed %	=	Profit before taxes and minority interests + interest and other financial expenses / Total assets - non-interest-bearing liabilities (12-month average)	x 100
Equity ratio %	=	Total equity / Total assets - advance payments	x 100
Net interest-bearing liabilities	=	Interest-bearing liabilities - interest-bearing receivables - cash and cash equivalents - securities carried as current assets	
Gearing %	=	Net interest-bearing liabilities / Total equity	x 100

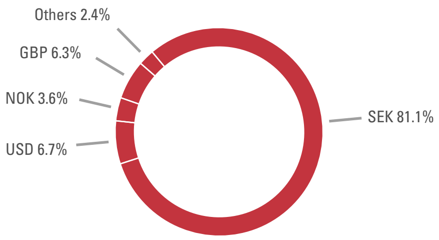
Financial Risk Management

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. Financial risks arise from cross-border agreements and internal agreements made with the Global Sourcing unit. 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.

Foreign exchange risk

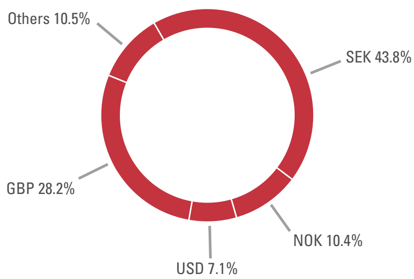
Foreign trade, liquidity management in the non-euro countries and the Group's internal transactions generate foreign exchange risks for the Group. TietoEnator's commercial transaction exposure has remained on the same level in recent years because the relative share of Swedish krona is still dominating. The British pound and US dollar are the second largest currencies in the exposure. The company's policy is to hedge all significant foreign exchange commitments. During 2006 TietoEnator used currency forward contracts, swaps and options for hedging. These are also the only instruments approved in the Treasury policy for hedging. Currency derivatives have a duration of less than 12 months.

BREAK-DOWN OF CURRENCY EXPOSURE
DECEMBER 31, 2006



At the end of 2006 the currency denominated translation exposure of TietoEnator's shareholders' equity was approximately EUR 318.4 million. Exposure includes the acquisition price, share capital, restricted and non-restricted reserves, and the result for the period for subsidiaries in non-euro countries. A 10% decrease in the value of the Swedish krona against the euro would reduce non-restricted shareholders' equity at the end of the 2006 financial year by about EUR 12.7 million, and the equivalent figure for the GBP would be EUR 8.2 million. According to the Treasury Policy translation exposure is not hedged.

TRANSLATION EXPOSURE OF EQUITY
DECEMBER 31, 2006



Interest rate risk

External financing, investments, leasing agreements and other interest-bearing liabilities and receivables create the interest risk within the Group. The basis for managing the interest rate risk is a long-term gearing target of 40%. Accounting principles for gearing are stated in the "Calculation of Key Figures" section. If distributable profits allow, there is a possibility to distribute excess funds to shareholders as dividends and to engage in share buy-backs; both methods were used also during 2006. At the end of 2006 gearing was 14.9%.

The interest rate risk exposure was not hedged during 2006 apart from an Italian subsidiary that hedged its loan facility with IRS before becoming a TietoEnator company by acquisition. FRA and IRS agreements would be possible instruments for hedging if so decided.

Credit risk

TietoEnator business units are responsible for the credit risk associated with their 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 November the company signed a five-year EUR 250 million credit facility and a seven-year EUR 100 million private placement programme. In addition to these two facilities the company has a seven-year EUR 50 million private placement programme signed in June 2005. The Group also has overdraft facilities and a EUR 250 million commercial paper programme available so that it can maintain flexibility in funding. Both private placement programmes are fully in use and EUR 76 million of the commercial paper programme. The EUR 250 million credit facility was not in use at the end of 2006.

Income Statement (FAS)

EUR	Note	1 Jan–31 Dec 2006	1 Jan–31 Dec 2005
Net sales		**3 529.69**	316 919 489.48
Other operating income	1	**108 692 151.75**	26 194 018.24
Cost of sales		**1 240 589.98**	31 764 993.71
Personnel expenses	2,3	**14 957 999.16**	163 945 011.80
Depreciation and amortization	7,8	**5 602 574.81**	17 057 571.70
Amortization of goodwill	7	**-**	2 069 093.15
Other operating expenses		**106 629 621.04**	96 830 827.35
Operating profit		**-19 735 103.55**	31 446 010.01
Financial income and expenses	4	**47 858 913.56**	356 964 274.17
Profit before extraordinary items, appropriations and taxes		**28 123 810.01**	388 410 284.18
Extraordinary items	5	**88 850 000.00**	49 350 000.00
Change in depreciation difference		**461 228.39**	-461 228.39
Direct taxes	6	**-137 929.09**	-380 975.08
Profit for the period		**117 297 109.31**	436 918 080.71

Balance Sheet (FAS)

EUR	Note	31 Dec 2006	31 Dec 2005
ASSETS			
Non-current assets			
Intangible assets	7	**8 184 206.20**	5 746 745.18
Tangible assets	8	**7 831 704.28**	14 802 331.91
Financial investments	9	**839 925 893.24**	873 110 857.05
Total non-current assets		**855 941 803.72**	893 659 934.14
Current assets			
Long-term receivables	10,12		
Loan receivables		**205 682 718.31**	203 568 825.68
Prepaid expenses and accrued income		**-**	50 901.77
		205 682 718.31	203 619 727.45
Current receivables	11,12		
Accounts receivable		**5 404 878.90**	7 780 998.44
Loan receivables		**206 120 045.59**	221 662 463.19
Other receivables		**9 087 057.81**	6 383 253.02
Group contribution receivables		**92 265 000.00**	23 550 000.00
Prepaid expenses and accrued income		**29 390 875.25**	15 071 554.87
		342 267 857.55	274 448 269.52
Cash and cash equivalents		**65 744 895.54**	18 252 629.23
Total current assets		**613 695 471.40**	496 320 626.20
		1 469 637 275.12	1 389 980 560.34

EUR	Note	**31 Dec 2006**	31 Dec 2005
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	13		
Share capital		**75 841 462.00**	78 743 322.00
Share issue premiums		**7 121 498.00**	4 172 198.00
Retained earnings		**800 492 275.90**	480 376 485.33
Net profit for the current year		**117 297 109.31**	436 918 080.71
		1 000 752 345.21	1 000 210 086.04
Accumulated appropriations		**-**	461 228.39
Provisions for liabilities and charges	14	**3 137 160.80**	5 493 374.64
Liabilities			
Non-current liabilities			
Bonds	15	**150 000 000.00**	50 000 000.00
Current liabilities	16,17		
Loans from financial institutions		**-**	50 000 000.00
Advances received		**52 261.36**	-
Accounts payable		**5 106 620.44**	2 672 147.16
Other current liabilities		**278 184 035.34**	253 796 951.16
Accrued liabilities and deferred income		**32 404 851.97**	27 346 772.95
		315 747 769.11	333 815 871.27
Total liabilities		**465 747 769.11**	383 815 871.27
		1 469 637 275.12	1 389 980 560.34

Statement of Cash Flow (FAS)

EUR 1 000	**1 Jan–31 Dec 2006**	1 Jan–31 Dec 2005
Cash flow from operations		
Operating profit	**-19 735**	31 446
Adjustments to operating profit		
Depreciation and amortization on goodwill	**5 603**	19 127
Profit/loss on sale of fixed assets and shares	**-4 281**	-2 949
Other adjustments	**-513**	5 626
Change in net working capital	**-11 259**	80 325
Cash generated from operations	**-30 185**	133 575
Net financial items	**9 908**	16 303
Income taxes paid	**-156**	-69
Net cash flow from operations	**-20 433**	149 809
Cash flow from investing activities		
Acquisition of Group companies and business operations	**-21 112**	-146 602
Capital expenditures	**-5 377**	-38 348
Sale of other fixed assets and shares	**6 763**	2 990
Net cash used in investing activities	**-19 726**	-181 960
Cash flow from financing activities		
Change in long-term debt	**100 000**	50 000
Change in short-term debt	**-24 471**	6 646
Change in long-term loan receivables	**39 848**	-184 115
Change in short-term loan receivables	**17 167**	-89 501
Exercise of share options	**47**	29
Dividends and donations	**-64 464**	-78 797
Purchase of own shares	**-52 338**	-79 995
Dividend and group contributions received	**71 862**	373 441
Net cash change in financing activities	**87 651**	-2 292
Change in cash and cash equivalents	**47 492**	-34 443
Cash and cash equivalents on 1 January	**-18 253**	-45 841
Cash and cash equivalents from mergers	**-**	-6 855
Cash and cash equivalents on 31 December	**65 745**	18 253
	47 492	-34 443

Notes to the Parent Company´s Finacial Statements (FAS)

PARENT COMPANY ACCOUNTING PRINCIPLES

The financial statements of the parent company TietoEnator Corporation are prepared in accordance with Finnish Accounting Standards (FAS).

The figures are not comparable with the previous year because the business was transferred into newly established subsidiaries during 2005.

Foreign currency items

Foreign currency transactions are recorded at the exchange rates 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.

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. Pension obligations are fully covered.

Financial instruments

Financial assets are classified into the following categories: loans and receivables, held-to-maturity, trading and available-for-sale.

Financial instruments are recorded initially at fair value, net of transaction costs. Usually the fair value equals the amount received or paid. Loans are included in non-current and current liabilities. Interest expenses and transaction costs are amortized in the income statement over the maturity of the loan using the effective interest method. Subsequent measurement of financial instruments depends on the designation of the instruments, as follows:

• Fixed deposits, principally comprising 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. Investments in money market instruments are reported as short-term deposits under cash and cash equivalents.

• Derivatives, comprising foreign exchange forward contracts, currency options and interest rate swaps (and embedded derivatives), are classified as held for trading and valued at fair value. Foreign exchange forward contracts are valued at the market forward exchange rates and compared with the contract forward rate. The fair value of interest rate swaps is calculated based on market rates. Related valuation changes are reported in financial income and expenses in the income statement and in other current payables and receivables in the balance sheet. Derivatives are used for hedging purposes only. Hedge accounting according to IAS 39 was not used in 2006.

• Investments in equity instruments, except for investments in associated companies and joint ventures, are classified as assets available-for-sale. They 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.

The parent company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of assets is impaired. Possible impairment is booked in the income statement.

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 the company's income taxes 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 2006**	31 Dec 2005

1. OTHER OPERATING INCOME

Gain from sale of other fixed assets and shares	**4 281**	3 089
Rental income	**31 635**	16 917
Merger gains	**-**	710
Sale of business	**-**	5 300
Other income	**72 776**	178
	108 692	26 194

2. PERSONNEL EXPENSES

Payroll costs	**10 123**	130 288
Pension expenses	**3 580**	23 327
Social costs for personnel warrants	**-**	-3
Other pay-related statutory social costs	**1 255**	10 333
	14 958	163 945

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 171 employees during 2006 and 2 795 employees in 2005.

3. MANAGEMENT REMUNERATION

See Note 6 to the consolidated financial statements.

4. FINANCIAL INCOME AND EXPENSES

Income from securities and investments treated as equity		
Dividend income from Group companies	**35 682**	334 751
Dividend income from associated companies	**14 130**	11 388
Dividend income from other companies	**1**	2
	49 813	346 141
Income from securities and investments treated as non-current debt		
From Group companies	**-**	10 714
Other interest and financial income		
From Group companies	**20 516**	3 092
From other companies	**22 506**	29 285
	43 022	32 377
Investment write-downs	**-11 523**	-

EUR 1 000	**31 Dec 2006**	31 Dec 2005
Interest and other financing expenses		
Paid to Group companies	**-3 283**	-419
Paid to other companies	**-30 170**	-31 849
	-33 453	-32 268
Total financial income and expenses	**47 859**	356 964

5. EXTRAORDINARY INCOME

Group contributions received	**92 265**	50 850
Group contributions given	**-3 415**	-1 500
	88 850	49 350

6. DIRECT TAXES

On income from prior periods	**138**	381
	138	381

EUR 1 000	**31 Dec 2006**	31 Dec 2005
7. INTANGIBLE ASSETS		
Intangible rights		
Acquisition cost, 1 Jan	**3 961**	31 469
Increases	**-**	4 845
Transfers from advance payments and work in progress	**8 411**	3 605
Decreases	**-975**	-35 958
Acquisition cost, 31 Dec	**11 397**	3 961
Accumulated amortization, 1 Jan	**2 246**	19 849
Accumulated amortization in changes	**-213**	-21 252
Amortization for the period	**1 979**	3 649
Accumulated amortization, 31 Dec	**4 012**	2 246
Book value, 31 Dec	**7 385**	1 715
Acquired goodwill		
Acquisition cost, 1 Jan	**0**	95 821
Increases	**-**	6 364
Decreases	**-**	-102 185
Acquisition cost, 31 Dec	**0**	0
Accumulated amortization, 1 Jan	**0**	46 589
Accumulated amortization in changes	**-**	-48 658
Amortization for the period	**-**	2 069
Accumulated amortization, 31 Dec	**0**	0
Book value, 31 Dec	**0**	0
Other capitalized expenditures		
Acquisition cost, 1 Jan	**3 532**	9 843
Increases	**49**	342
Decreases	**-**	-6 653
Acquisition cost, 31 Dec	**3 581**	3 532
Accumulated amortization, 1 Jan	**2 266**	4 835
Accumulated amortization in changes	**0**	-3 575
Amortization for the period	**516**	1 006
Accumulated amortization, 31 Dec	**2 782**	2 266
Book value, 31 Dec	**799**	1 266

Advance payments and work in progress		
Acquisition cost, 1 Jan	**2 766**	-
Increases	**-**	2 766
Transfers	**-2 766**	-
Acquisition cost, 31 Dec	**0**	2 766
Book value of intangible assets, 31 Dec, total	**8 184**	5 747

EUR 1 000	**31 Dec 2006**	31 Dec 2005

8. TANGIBLE ASSETS

Land		
Acquisition cost, 1 Jan	**60**	60
Increases	**-**	-
Decreases	**-**	-
Acquisition cost and book value, 31 Dec	**60**	60
Buildings and structures		
Acquisition cost, 1 Jan	**875**	957
Increases	**12**	17
Decreases	**-**	-99
Acquisition cost, 31 Dec	**887**	875
Accumulated depreciation, 1 Jan	**578**	551
Accumulated depreciation in changes	**0**	-3
Depreciation for the period	**31**	30
Accumulated depreciation, 31 Dec	**609**	578
Book value, 31 Dec	**278**	297
Machinery and equipment		
Acquisition cost, 1 Jan	**18 121**	105 101
Increases	**3 535**	13 961
Decreases	**-**	-100 941
Acquisition cost, 31 Dec	**21 656**	18 121
Accumulated depreciation, 1 Jan	**13 141**	66 099
Accumulated depreciation in changes	**0**	-65 331
Depreciation for the period	**3 076**	12 373
Accumulated depreciation, 31 Dec	**16 217**	13 141
Book value, 31 Dec	**5 439**	4 980
Other tangible assets		
Acquisition cost, 1 Jan	**6**	197
Increases	**37**	-
Decreases	**-**	-191
Acquisition cost, 31 Dec	**43**	6
Accumulated depreciation, 1 Jan	**2**	164
Accumulated depreciation in changes	**-**	-162
Depreciation for the period	**1**	-
Accumulated depreciation, 31 Dec	**3**	2
Book value, 31 Dec	**40**	4

Advance payments and work in progress		
Acquisition cost, 1 Jan	**9 461**	1 835
Increases	**1 527**	11 231
Decreases	**-3 328**	-
Transfers	**-5 645**	-3 605
Acquisition cost, 31 Dec	**2 015**	9 461
Book value of tangible assets, 31 Dec total	**7 832**	14 802

EUR 1 000	**31 Dec 2006**	31 Dec 2005
9. INVESTMENTS		
Shares in Group companies		
Acquisition cost, 1 Jan	**809 531**	543 931
Increases	**19 275**	298 769
Decreases	**-1 477**	-33 169
Acquisition cost, 31 Dec	**827 329**	809 531
Investment write-downs	**-11 500**	-
Book value, 31 Dec	**815 829**	809 531
Shares in associated companies		
Acquisition cost, 1 Jan	**21 143**	21 109
Increases	**3 535**	34
Decreases	**-956**	-
Acquisition cost, 31 Dec	**23 722**	21 143
Book value, 31 Dec	**23 722**	21 143
Other shares and interests		
Acquisition cost, 1 Jan	**521**	501
Increases	**-**	61
Decreases	**-123**	-41
Acquisition cost, 31 Dec	**398**	521
Investment write-downs	**-23**	-
Book value, 31 Dec	**375**	521
Subordinated loan to Group companies		
Book value, 31 Dec	**0**	41 916
Financial investments, 31 Dec, total	**839 926**	873 111

Subsidiary shares

See page 47.

Shares in associated companies

See Note 12 to the consolidated financial statements.

Associated companies owned and managed by the parent company

See Note 16 to the consolidated financial statements.

Other shares and securities

See Note 13 to the consolidated financial statements.

EUR 1 000	**31 Dec 2006**	31 Dec 2005

10. NON-CURRENT INTERCOMPANY RECEIVABLES

Loan receivable from Group companies	**205 681**	203 564

11. CURRENT INTERCOMPANY RECEIVABLES

Receivables from Group companies		
Accounts receivable	**5 185**	7 281
Loan receivables	**206 120**	221 662
Group contributions receivable	**92 265**	23 550
Prepaid expenses and accrued income	**22 503**	12 407
	326 073	264 900
Receivables from associated companies		
Accounts receivable	**187**	171
Prepaid expenses and accrued income	**129**	-
	316	171

12. PREPAID EXPENSES AND ACCRUED INCOME

Prepaid expenses and accrued income from Group companies	**22 503**	12 407
Prepaid expenses and accrued income from associated companies	**129**	-
Total	**22 632**	12 407
Prepaid expenses and accrued income from other companies		
Licence fees	**-**	16
Rents	**223**	3
Social costs	**121**	783
Other	**6 415**	1 913
Total	**6 759**	2 715
Prepaid expenses and accrued income, total	**29 391**	15 122

13. CHANGES IN SHAREHOLDERS´ EQUITY

Share capital, 1 Jan	**78 743**	82 886
Cancellation of own shares purchased	**-2 904**	-4 144
Exercise of share options	**2**	1
Share capital, 31 Dec	**75 841**	78 743
Share issue premiums, 1 Jan	**4 172**	-
Cancellation of own shares purchased	**2 904**	4 144
Exercise of share options	**45**	28
Share issue premiums, 31 Dec	**7 121**	4 172

EUR 1 000	**31 Dec 2006**	31 Dec 2005
Retained earnings, 1 Jan	**917 295**	639 169
Dividend distributions and donations	**-64 464**	-78 797
Purchase of own shares	**-52 338**	-79 995
Retained earnings, 31 Dec	**800 493**	480 377
Net profit for the period	**117 297**	436 918
	917 790	917 295
Shareholders' equity, total	**1 000 752**	1 000 210

14. PROVISIONS

Pension commitments	**1 941**	2 454
Costs related to divestments	**320**	320
Rent commitment	**876**	2 719
	3 137	5 493

15. INTEREST-BEARING DEBTS AND BORROWINGS

Bonds	**150 000**	50 000
Debts falling due after five years		
Bonds	**150 000**	50 000

Bonds with warrants

See Note 21 to the consolidated financial statements.

Other current liabilities include commercial papers EUR 75.4 million.

16. CURRENT INTERCOMPANY LIABILITIES

Debts to Group companies		
Accounts payable	**2 184**	934
Other debt including cash pool	**190 009**	173 751
Accrued liabilities and deferred income	**11 844**	4 147
Group contribution liability	**3 415**	1 500
	207 454	180 332
Debts to associated companies		
Accounts payable	**1**	-
Accrued liabilities and deferred income	**2**	51
	3	51

EUR 1 000	**31 Dec 2006**	31 Dec 2005

17. ACCRUED LIABILITIES AND DEFERRED INCOME

Accrued liabilities and deferred income from Group companies	**11 844**	4 147
Accrued liabilities and deferred income from associated companies	**2**	51
Total	**11 846**	4 198
Accrued liabilities and deferred income from other companies		
Vacation pay and related social costs	**1 668**	1 539
Other accrued payroll and related social costs	**2 053**	525
Interest	**1 431**	1 141
Other	**15 407**	19 944
Total	**20 559**	23 149
Accrued liabilities and deferred income, total	**32 405**	27 347

18. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets		
From losses carried forward	**35 884**	55 372
From temporary differences	**816**	-
From appropriations	**79**	-
	36 779	55 372
Deferred tax liabilities		
From temporary differences	**-**	1 428
From appropriations	**-**	120
	-	1 548

Deffered tax items are not included in the balance sheet.

19. CONTINGENT LIABILITIES

For TietoEnator's obligations		
On behalf of Group companies		
Guarantees	**13 947** *)	19 280
On behalf of associated companies		
Guarantees	**1 400**	1 400
Other TietoEnator obligations		
Rent commitments due in 2007 (2006)	**28 095**	26 416
Rent commitments due later	**105 981**	110 807
Lease commitments due in 2007 (2006)	**122**	167
Lease commitments due later	**101**	182
Other commitments	**31 442** **)	65 313

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 8.1 million (9.9) on 31 December 2006.
**) Including EUR 30.3 million commitment mainly for purchase of hardware.

Derivatives contracts

Foreign exchange forward contracts	**428 802**	289 460
Change in market value	**-1 069**	-871

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 2006 totalled EUR 75 841 462 and there were 75 841 462 shares.

During 2006 the number of registered shares increased by 2 000 new shares subscribed under the 2002 options and decreased by the cancellation of 2 903 860 repurchased shares. All the 2 903 860 shares repurchased in 2005 were cancelled in April by the 2006 Annual General Meeting. The changes in the number of shares were registered as follows:

		Shares	Total number of shares
On 12 Jan 2006	Options	+750	78 744 072
On 5 Apr 2006	Options	+50	78 744 122
On 10 Apr 2006	Cancellation	-2 903 860	75 840 262
On 13 Jun 2006	Options	+1 200	75 841 462

During 2006 TietoEnator executed two share repurchase programmes. In May 500 000 shares were repurchased for the three-year share-based incentive plan that the Board of Directors approved in December 2005. In September a total of 1 745 000 shares were repurchased to develop the company's capital structure. All shares repurchased in September were cancelled by the Board of Directors in December according to the new Finnish Companies Act. The registration of cancelled shares took place in January 2007. The number of outstanding shares (excluding the shares in the company's possession) was 73 596 462 at the end of 2006.

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

There is only one class of share 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 at the meeting. The Board of Directors has proposed to the 2007 AGM that the redemption clause be removed. The current articles of association are available on the company's website at www.tietoenator.com.

Stock options, warrants and share incentives

Based on the outstanding stock options on 31 December 2006, the total number of shares may increase, at the maximum, as follows:

Plan	Maximum number of new shares	Subscription period	Exercise price
TietoEnator 2002 A/B	1 333 270	- 30 /06/ 09	23.38 EUR
TietoEnator 2006 A	484 600	01/03/09 - 31/03/11	29.72 EUR
	1 817 870		

In addition to these, TietoEnator Corporation holds 77 000 2002 A/B stock options and 115 400 options under the 2006 A 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 2 010 270. In all the current option schemes, the persons covered by the scheme receive the options if they are employed by TietoEnator on the starting date of the subscription period. Under the terms of both the 2002 option scheme and the 2006 option scheme, the subscription price will be reduced annually by the amount of dividend per share.

The company still has 1 300 000 stock options from the 2006 stock option plan to be allocated in 2007 and 2008. These options will be marked 2006 B and 2006 C. The Board of Directors decided on 19 December 2006 to offer approximately 600 000 options of the 2006 B series to about 300 employees of TietoEnator group, based on performance. The grant will take place in spring 2007.

The subscription period for the 2002 B options began on 1 December 2006. As both 2002 A and 2002 B options have exactly the same terms and conditions after vesting, these two option series were combined on 12 December 2006 into options marked 2002 A/B. The 2002 A/B options are listed only on the Helsinki Stock Exchange. The warrants under the 2000 bonds with warrants became due at the end of May 2006 without any value.

In December 2005 the Board of Directors approved a new share-based incentive plan for TietoEnator Group's key employees. 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 allocation regarding 2006 was based on TietoEnator Group's earnings per share (EPS) increasing 10 - 30% compared with 2005. The Board decided that the capital gain from discontinued operations in 2006 is not included in EPS when assessing the attainment of the performance targets for the share plan. As the 2006 financial targets were not met there will be no share allocation in 2007. The second performance period is 2007. The allocation regarding 2007 will be made in 2008 and will be based on TietoEnator Group's EPS increasing 0 - 30% compared with 2006. It is prohibited to transfer the shares within two years from the end of an earning period. The incentive plan is intended for approximately 50 key employees.

The volume weighted average price of the TietoEnator share in 2006 was EUR 23.98 on the Helsinki Stock Exchange, which was higher than the exercise price of the 2002 A/B option programme, EUR 23.38.

Board authorizations

The 2006 Annual General Meeting authorized the Board of Directors to repurchase the company's own shares up to 10% of the company's share capital or total number of votes. The authorization is to be used to develop the company's capital structure and for the share ownership plan for key employees. In April the Board of Directors decided to start a share repurchasing programme for the three-year share-based incentive plan. A total of 500 000 were repurchased between 4 May and 9 May at an average price of EUR 24.88. In July 2006 TietoEnator's Board of Directors decided to start a new share repurchase programme totalling EUR 40 million, to develop the company's balance sheet. A total of 1 745 000 shares were repurchased in September at an average price of EUR 22.86.

The Board was also authorized to issue shares, option rights and convertible bonds for one year from the Annual General Meeting of 2006, until 23 March 2007. Based on this authorization the share capital may increase by at most EUR 15 168 042. 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 30 953 directly registered shareholders at the end of 2006. Based on the ownership records of the Finnish and Swedish central security depositories 31% of TietoEnator's shares were held by Finnish and 28% by Swedish investors. In total, there were 26 966 retail investors in Finland and Sweden and they held 14% 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 members, the President and CEO and his deputy together owned 0.0705% of the share capital and votes. Based on the bonds with warrants and options, they can increase their aggregate holding to at most 0.2744% 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/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.

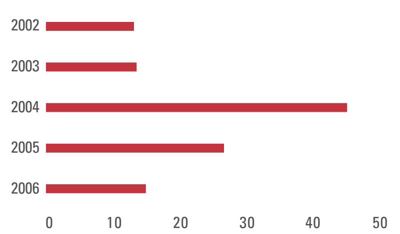
Share performance and trading

The turnover of TietoEnator's shares totalled EUR 5 220.6 million (217 734 156 shares) in Helsinki and SEK 8 962.3 million (41 054 225 shares) in Stockholm in 2006. The total number of shares traded represented 345% of the average number of outstanding shares.

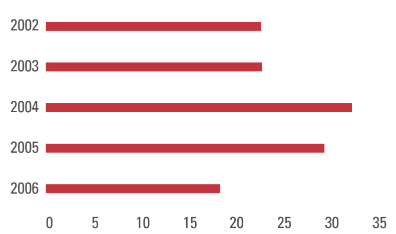
On the Helsinki Stock Exchange the average share price in the year was EUR 23.98, whereas the share price at the end of the year was EUR 24.44. The highest price was EUR 32.88 and the lowest EUR 17.48. The market capitalization at the end of the year totalled EUR 1 853.6 million.

TietoEnator's share price fell 20.8% in Helsinki and 21.2% in Stockholm during the year. At the same time, the OMX Helsinki All Share Index rose by 17.9% and the OMX Helsinki Cap Index by 25.2%. The OMX Stockholm All Share Index rose 23.6% in 2006.

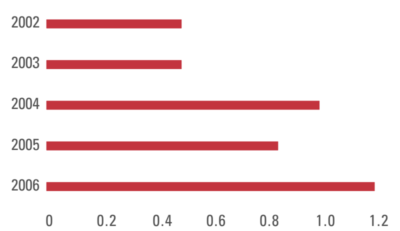
RETURN ON EQUITY, %



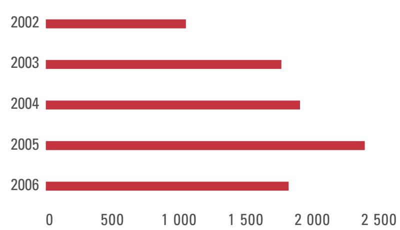
RETURN ON CAPITAL, %



DIVIDEND / SHARE, EUR



MARKET CAPITALIZATION, MEUR



	2006	2005	2004	2003	2002
	IFRS	IFRS	IFRS	FAS	FAS
SHARE INFORMATION					
Changes in share capital					
Share capital at year end, EUR	**75 841 462**	78 743 322	82 886 444	82 886 444	82 886 444
Number of shares	**75 841 462**	78 743 322	82 886 444	82 886 444	82 886 444
Adjusted number of shares at year end	**75 841 462**	78 743 322	82 886 444	82 886 444	82 886 444
Adjusted average for the year	**74 963 658**	78 063 022	81 977 804	82 886 444	82 856 926
Per share data					
Earnings per share, EUR					
- basic	**3.25**	1.75	2.71	0.79	0.77
- diluted	**3.25**	1.75	2.71		
Earnings from continuing					
operations per share, EUR (*	**1.18**	1.64			
Equity per share EUR	**8.51**	6.60	6.49	5.74	5.53

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

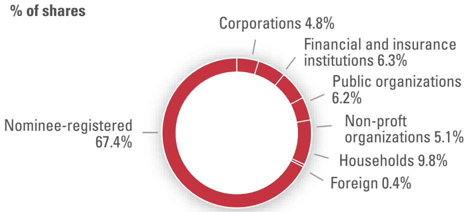
	2006	2005	2004	2003	2002
Share price performance and trading volumes					
On the OMX Helsinki Stock Exchange					
Highest price of share, EUR	**32.88**	31.16	27.70	24.55	32.35
Lowest price of share, EUR	**17.48**	22.30	19.90	11.50	10.25
Average price of share, EUR	**23.98**	26.02	23.58	16.91	20.14
Turnover, number of shares	**217 734 156**	149 733 710	127 507 163	104 692 989	85 479 503
Turnover, %	**290.5**	191.8	155.5	126.3	103.2
On the OMX Stockholm Stock Exchange					
Highest price of share, SEK	**307.00**	292.00	254.00	220.00	297.50
Lowest price of share, SEK	**160.50**	202.00	184.00	107.00	93.00
Average price of share, SEK	**218.30**	241.20	216.71	153.58	204.63
Turnover, number of shares	**41 054 225**	26 454 896	11 205 872	15 257 580	16 813 102
Turnover, %	**54.8**	33.9	13.7	18.4	20.3
Market capitalization, EUR million	**1 853.6**	2 429.2	1 939.5	1 798.6	1 077.5
Dividends					
Dividend, EUR 1 000	**88 316**	64 464	78 742	41 443	41 443
Dividend per share, EUR	**1.20**	0.85	1.00	0.50	0.50
Extra dividend paid 2004, EUR 1 000			39 371		
Dividend per share, EUR			0.50		
Payout ratio, %	**36.9**	48.6	47.0	63.3	64.9
Price-weighted ratios					
On the OMX Helsinki Stock Exchange					
Price per earnings ratio (P/E)	**8**	18	9	28	17
Dividend yield, %	**4.9**	2.8	6.4	2.3	3.9
On the OMX Stockholm Stock Exchange					
Price per earnings ratio (P/E)	**8**	17	9	28	17
Dividend yield, %	**4.8**	2.8	6.5	2.3	3.8

Major shareholders on 31 December 2006

	Country	Shares	%
1 Didner & Gerge funds	SE	2 365 000	3.1
2 Roburs funds	SE	1 546 200	2.0
3 AMF Pensionsförsäkrings	SE	1 522 700	2.0
4 Afa Försäkring	SE	1 353 295	1.8
5 Svenska Litteratursällskapet i Finland	FI	1 319 000	1.7
6 Tapiola	FI	1 064 980	1.4
7 Mutual Pension Insurance Company Ilmarinen	FI	1 002 510	1.3
8 SEB funds	SE	996 383	1.3
9 Nordea funds	SE	839 179	1.1
10 The State Pension Funds	FI	811 500	1.1
Remaining nominee-registered		38 805 317	51.2
Others		24 215 398	31.9
Total		75 841 462	100.0

Based on ownership records of the Finnish and Swedish central security depositories. TietoEnator executed two share buyback programmes during 2006 and at the end of the year TietoEnator hold 2 245 thousand own shares.

OWNERSHIP STRUCTURE ON 31 DECEMBER 2006



Based on ownership records of the OMX Helsinki Stock Exchange.

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

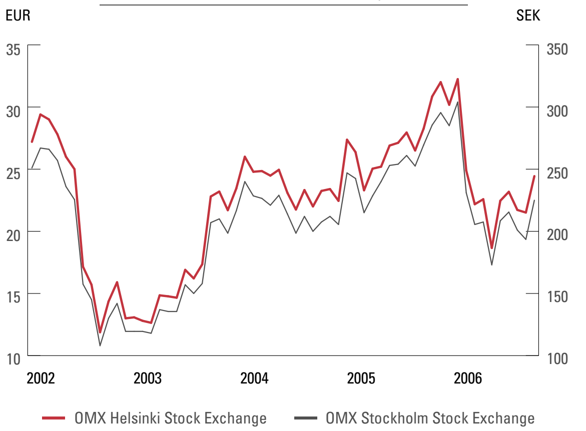
Division of shares on 31 December 2006

Number of shares	Shareholders		Shares	
	No	%	No	%
1 - 100	4 736	35.7	289 723	0.4
101 - 500	4 996	37.6	1 363 597	1.8
501 - 1 000	1 623	12.2	1 265 333	1.7
1 001 - 5 000	1 595	12.0	3 469 194	4.6
5 001 - 10 000	149	1.1	1 081 020	1.4
10 001 - 50 000	118	0.9	2 710 143	3.6
50 001 - 100 000	26	0.2	1 909 751	2.5
100 001 - 500 000	28	0.2	5 426 613	7.2
500 001 - 999 999 999 999	11	0.1	58 306 928	76.9
Joint book-entry account			19 160	
Total	13 282	100.0	75 822 302	100.0
of which nominee registered	16	100.0	51 139 956	67.4

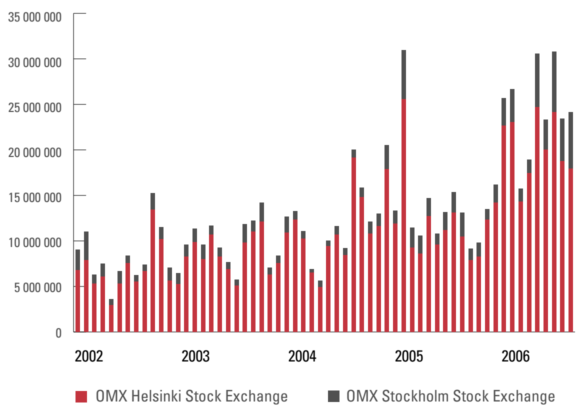
Based on ownership records of the OMX Helsinki Stock Exchange.

Changes in share capital (1 share = 1 vote)	Shares	Share capital, EUR
Total on 31 Dec 2004	82 886 444	82 886 444
Nullifying of company's own shares, 7 Apr 2005	-4 144 322	-4 144 322
Bonds with options subscribed, registered on 16 Dec 2005	+1 200	+1 200
Total on 31 Dec 2005	78 743 322	78 743 322
Bonds with options subscribed, registered on 12 Jan 2006	+750	+750
Bonds with options subscribed, registered on 5 Apr 2006	+50	+50
Nullifying of company's own shares, 10 Apr 2006	-2 903 860	-2 903 860
Bonds with options subscribed, registered on 13 Jun 2006	+1 200	+1 200
Total on 31 Dec 2006	75 841 462	75 841 462
Nullifying of company's own shares, 19 Dec 2006, registered 25 Jan 2007	-1 745 000	0
Total on 25 Jan 2007	74 096 462	75 841 462

SHARE PRICE DEVELOPMENT, 5 YEARS



DEVELOPMENT OF TOTAL TURNOVER, 5 YEARS



Proposal of the Board of Directors

	EUR
Distributable funds in the parent company	917 789 385.21
of which net profit for the current year	117 297 109.31

The Board of Directors proposes that the net profit mentioned above be used as follows:

- a dividend of EUR 1.20 per share be paid to shareholders	88 315 754.40
- the remainder be carried forward	28 981 354.91

In the opinion of the Board of Directors the proposed dividend distribution does not endanger the liquidity of the company.

Espoo, 5 February 2007

Matti Lehti
Chairman

Anders Ullberg
Deputy chairman

Mariana Burenstam Linder

Bo Persson

Bengt Halse

Kalevi Kontinen

Jari Länsivuori

Olli Martikainen

Olli Riikkala

Pentti Heikkinen
President and CEO

Auditors´ Report

To the shareholders of TietoEnator Corpotation

We have audited the accounting records, the report of the Board of Directors, the financial statements and the administration of TietoEnator Corporation for the period 1 January to 31 December 2006. The Board of Directors and the Managing Director have prepared the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, as well as the report of the Board of Directors and the parent company's financial statements, prepared in accordance with prevailing regulations in Finland, containing the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, as well as on the report of the Board of Directors, the parent company's financial statements and the administration.

We conducted our audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the report of the Board of Directors and the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the report and 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 whether 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, give a true and fair view, as defined in those standards and in the Finnish Accounting Act, of the consolidated results of operations as well as of the financial position.

Parent company's financial statements, report of the Board of Directors and administration

In our opinion the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The parent company's financial statements give a true and fair view of the parent company's result of operations and of the financial position.

In our opinion the report of the Board of Directors has been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The report of the Board of Directors is consistent with the consolidated financial statements and the parent company's financial statements and gives a true and fair view, as defined in the Finnish Accounting Act, of the result of operations and of the financial position.

The consolidated financial statements and the parent company's financial statements can be adopted and the members of the Board of Directors and the Managing Directors of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the disposal of distributable funds is in compliance with the Companies Act.

Espoo February 5, 2007

PricewaterhouseCoopers Oy
Authorised Public Accountants

Kim Karhu
Authorised 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 22 March 2007 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 12 March 2007 and
– notify their wish to attend the meeting not later than Friday 16 March 2007 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 12 March 2007 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 7 March 2007 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 16 March 2007 either:

by telephone	+358 9 8626 3009
by telefax	+358 2060 20232
at internet	www.tietoenator.com/agm
by e-mail	agm@tietoenator.com or
by mail	TietoEnator. Legal & IPR. 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 16 March 2007.

Dividend payment

The Board of Directors proposes to the AGM that a dividend of EUR 1.20 per share be paid on the financial year 2006. 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 27 March 2007. It is proposed that the dividend be paid on 12 April 2007.

Shareholders' calendar for 2007

February 6	Fourth Quarter and Financial Statement Bulletin for the 2006 financial year
Week 7	Financial Review 2006. Business Review 2006 (pdf)
March 5	Financial Review 2006. Business Review 2006 (printed)
March 12	Record date for AGM
March 22	AGM
March 27	Record date for dividend
April 12	Dividend payment
April 27	Interim Report for the first quarter 2007 (January – March)
July 20	Interim Report for the second quarter 2007 (January – June)
October 26	Interim Report for the third quarter 2007 (January – Sept)

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

To order the printed Business Review 2006 and Financial Review 2006:
e-mail: TEreports@121.fi
tel. +358 9 862 6000. fax +358 9 862 63091
tel. +46 8 632 1400. fax +46 8 632 1420

Investor relations contacts

Päivi Lindqvist.
Communications and Investor Relations
tel. +358 9 862 63276. mobile +358 40 708 5351
paivi.lindqvist@tietoenator.com

Paula Liimatta. Investor Relations
tel. + 358 9 862 63113. mobile +358 40 580 3521
paula.liimatta@tietoenator.com

Sirpa Salo. Investor Meetings
tel. +358 9 862 62202. mobile +358 40 556 1281
sirpa.salo@tietoenator.com

Analysts following TietoEnator

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

Contact information

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

TietoEnator Corporation

Kutojantie 10. P.O. Box 33
FI-02631 ESPOO. FINLAND
Tel. +358 9 862 6000
Fax +358 9 8626 3091
e-mail: info@tietoenator.com
www.tietoenator.com
Business ID: 0101138-5
Registered office: Espoo

Kronborgsgränd 1
SE-164 87 KISTA. SWEDEN
Tel. +46 8 632 1400
Fax +46 8 632 1420

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. Spain. Sweden. Ukraine and United Kingdom

Telecom & Media

Kutojantie 6-8
P.O. Box 156
FI-02631 ESPOO. FINLAND
Tel. +358 9 862 6000
Fax +358 9 8626 0420
Offices in Belgium. Czech Republic. China. Denmark. Estonia. Finland. France. Germany. Italy. Latvia. Lithuania. Norway. Poland. 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
Offices in Denmark. Finland. Germany. India. the Netherlands. Norway and Sweden

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 and Sweden

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

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 Republic. Denmark. Estonia. Finland. Germany. Latvia. 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. Germany. the Netherlands. Norway. Sweden and Czech Republic

Operating countries

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

TietoEnator is consulting, developing and hosting its customers' digital businesses TietoEnator is among the leading architects in building a more efficient information society. With about 16 000 experts, we are one of the largest IT services companies in Europe.

Our leading-edge know-how is geared towards developing innovative IT solutions that realise and digitalise the visions of our customers. And 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 are globally banking, telecom, healthcare and forest. In these areas, we work hand in hand with many of the world's leading companies and organisations. We are growing with them and are now active in close to 30 countries.

TietoEnator Corporation

Kutojantie 10, P.O. Box 33
FI-02631 ESPOO, FINLAND
Tel. +358 9 862 6000
Fax +358 9 8626 3091

Kronborgsgränd 1
SE-164 87 KISTA, SWEDEN
Tel. +46 8 632 1400
Fax +46 8 632 1420

e-mail: info@tietoenator.com
www.tietoenator.com

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